

France Appears Set to Clash With U.S. at Williamsburg

By John Vinocur
New York Times Service

PARIS — The tone and tactics of the French government are hardening into positions that make for likely confrontation with the United States at the economic summit meeting of Western leaders in Williamsburg at the end of the month.

Until now, both sides appeared interested in keeping the ideological differences between French Socialists and the Reagan administration at the level of honest intellectual disagreement. But the government here is pushing forward with a series of actions and statements that seem to undercut its expressed interest in avoiding a public clash.

In an apparent effort to widen its brief at Williamsburg, the French government has invited the leaders of Spain, Portugal, Greece, Sweden and Austria, the five other countries in Western Europe with Socialist-led governments, for meetings Wednesday and Thursday with President François Mitterrand and Prime Minister Pierre Mauroy.

The line now coming from the French government is that the French hope will receive approval at the Socialist gathering, is that the U.S. budget deficit and the high rate of the dollar on foreign exchange markets are the principal causes for the continuation of the recession. Williamsburg, said Louis Mermaz, Socialist president of the National

Assembly, "is the place to tell the Americans to their face."

The minister of industry, Laurent Fabius, insisted on television Sunday, "The attitude of the United States is stopping us from clearing our house. ... It's not the Americans who pay for the budget deficit, it's the Europeans, notably the French."

The remarks, which fit the pattern of Mr. Mitterrand's call last week for a reorganization of the

The European Community has approved a \$3.69-billion loan to France, Page 9.

world monetary system, were accompanied by a phrase that has been recurring for the last week or so among leading Socialists. Repeating a remark by Lionel Jospin, the chief party official, earlier in the week, Mr. Fabius said it was impossible for the United States to call for solidarity within the Atlantic alliance and maintain economic policies that are responsible for worsening the economic situation in Europe.

There was no suggestion of linkage — "the idea is absurd," a Socialist Party leader said — between support by the government here for NATO's deployment of Pershing-2 and cruise missiles and possible U.S. moves to stabilize exchange rates. But making the point repeatedly indicated French willingness to bring it to Williamsburg, tying the notion of U.S. economic policy to the kind of support it can expect on security matters.

After saying last year during the trans-Atlantic debate on the Siberian gas pipeline that France would have no part of what it called an "economic NATO," Mr. Jospin is now insisting that the Atlantic alliance is not founded on "military engagements alone." It is based, he said, on "a code of good conduct" in the economic, monetary and commercial areas — sectors where the United States "has not been up to the level of its international responsibilities," Mr. Jospin said.

As first secretary of the French party, Mr. Jospin will play an important role at the Socialist meetings this week. The French interest in the summit is thought to be in a minority position at Williamsburg gathering as the only Socialist government.

The same kind of worry about being regarded as an ineffectual minority in the summit mechanism, one hamstringing by its own economic failures, is also believed to have led to the call by Finance Minister Jacques Delors last week for an annual ministerial meeting in the fall of the Organization for Economic Cooperation and Development.

The group has 24 members, including all those with Socialist governments coming to Paris this week.

The French focus on the U.S. deficit, its accompanying high interest, and the high rate of the dollar is not shared throughout all of Western Europe. Instead, Karl Otto Pöhl, president of the Bundesbank, the West German central bank, said last week he did not know if the dollar rate was too high, adding, "If there is any country in the world that can complain about the exchange rates it's the United States."



PARIS-BONN SUMMIT — President François Mitterrand of France and Chancellor Helmut Kohl of West Germany held discussions in Paris on Monday, Page 2.

desbank, the West German central bank, said last week he did not know if the dollar rate was too high, adding, "If there is any country in the world that can complain about the exchange rates it's the United States."

The explanation Mr. Fabius provided of why the American budget deficit was at the cause of French economic problems occurred on a program in which a reporter in New York said of the Americans, "Look at the harm they're doing us. Here are the people who are dragging Europe down." When the industry minister spoke, he explained that the Americans could

get Europe to pay for its deficit because the high U.S. interest rates accompanying it drew cash toward the United States. The suggestion was left that the French economy is intrinsically stronger than the United States is allowing it to be.

More orthodox explanations of the French economic predicament involve an enormous increase in costs through the social service programs of the first year of the Mitterrand government, a contraction of the country's industrial base, and a weak franc whose lack of strength is reflected by its broad decline against a wide range of currencies in addition to the dollar.

Both Parliaments Back Israeli-Lebanese Accord

UNITED PRESS INTERNATIONAL

BEIRUT — The Lebanese and Israeli parliaments approved Monday the agreement on ending hostilities and withdrawing 30,000 Israeli troops from Lebanon, clearing the way for the signing of the accord on Tuesday.

Syrian and Palestinian opposition to the accord, however, made chances for an imminent Israeli pullout slim. Israel has said it will not withdraw its troops — in Lebanon since June — unless the 40,000 Syrian troops and 10,000 Palestinian guerrillas there are also withdrawn.

In addition to the withdrawal of Israeli forces, the accord provides for Israeli anti-guerrilla patrols in southern Lebanon.

In Jerusalem, the Israeli Knesset approved the agreement by a vote of 57-6 with 45 abstentions from the opposition Labor Party, whose leaders said they could not support an agreement that hinged on Syrian readiness to leave Lebanon.

In Beirut, the Lebanese National Assembly unanimously approved the troop-withdrawal agreement without debate after a one-hour session, Beirut radio said.

The radio said that the 80 members of the Lebanese parliament who were present at the closed session voted with a "unanimous yes" to a cabinet policy statement on the U.S.-mediated accord.

Parliamentary approval was not required under Lebanese law, but government sources said that President Amin Gemayel was seeking a national consensus to counter opposition from Syria and the Palestine Liberation Organization.

Seven of the original 99 members of the National Assembly have died since the election of May 1972, and an eighth, Mr. Gemayel, was elected president in September.

Absent from Monday's session were 11 members from the Syrian-controlled Bekaa Valley and northern Lebanon.

Security was extremely tight in Beirut. Tanks, police and army troops were deployed.

The Israeli vote also was not legally binding. The deputies were voting on a statement by the foreign minister, Yitzhak Shamir, accepting the agreement in principle.

On Sunday, an Israeli Foreign Ministry spokesman, Avi Pazner, said: "We have finally finished our work. Now everything is ready for signature." He added that in preparation for the signing ceremonies, Israeli and Lebanese technical teams were meeting Monday in the Beirut suburb of Khaldé to arrange printing and protocol.

Mr. Pazner's statements came after the negotiators finished checking the text of the pact, culminating five months of arduous talks. To bolster support for the agreement, Mr. Gemayel dispatched special envoys Sunday to seven Arab states.

Algeria, considered one of the more radical "confrontation states" opposing Israel, has announced support for the pact, as have Kuwait and Egypt.

In Washington, meanwhile, Crown Prince Hassan of Jordan met with President Ronald Reagan on Monday and said afterward that the situation was "very tense" in Lebanon's Bekaa Valley, where a split is reported to have developed among Palestinian guerrillas over Yasser Arafat's leadership.

The crown prince, the brother of King Hussein, gave reporters a message "of concern" for developments in the Middle East, particularly in Lebanon.

"Our support for Lebanon is on record and we hope to see sovereignty and stability restored to that country," he said. "And we see the whole Lebanon exercise as a means toward resuming discussion of the

wider priorities of Jerusalem and the occupied territories and the role of the Palestinian people."

Of his talk with Mr. Reagan, Hassan said: "I think there is much heart to be taken from the personal resolve and good intent of the president, which was reaffirmed today."

Mr. Arafat vehemently rejected the Israeli-Lebanese agreement in a speech Sunday in Damascus to field commanders of his el-Fatah guerrilla group, the largest and most powerful of eight factions in the PLO.

"War is the only way," Mr. Arafat said. "The PLO will foil all U.S. schemes and say no to

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Begin Is Said to Insist On Post for General Rebuked in Massacre

By David K. Shipler
New York Times Service

JERUSALEM — Prime Minister Menachem Begin was reported Monday to have overruled Defense Minister Moshe Arens by insisting on a key appointment for a general who was severely criticized by the state commission that investigated the Beirut massacre.

According to well-placed officials, Mr. Begin intervened after Mr. Arens, acting on advice from legal experts, had rejected an army recommendation that the commander of Israel's division in the Beirut area, Brigadier General Amos Yaron, be named head of army manpower and training and be promoted to major general.

Mr. Begin decided to give General Yaron the appointment, but not the promotion in rank, officials said.

General Yaron was one of three top generals who were found by the commission to have borne "indirect responsibility" for the massacre of hundreds of Palestinian men, women and children in Beirut refugee camps last September by Israel's Lebanese Christian Phalangist allies.

The commission, headed by the chief justice of the Supreme Court, Yitzhak Kahan, concluded in February that General Yaron had recovered reports that the killings were taking place within hours after the Phalangists entered the camps on Sept. 16, but that he had taken no action to stop the slaughter or to convey the reports to his superiors. Furthermore, the commission found, General Yaron allowed the Phalangists to send fresh troops into the camps the following day, Sept. 17. The killings continued until the Phalangists withdrew Sept. 18.

Accusing the general of "thoroughly mistaken judgment," grave

(Continued on Page 2, Col. 3)



Amos Yaron



Moshe Arens

Soviet Missiles Appear to Restore Military Confidence of Damascus

By R.W. Apple Jr.
New York Times Service

HOMES, Syria — Outside this industrial town in western Syria, known to the ancients as Emesa, the Soviet Union has installed a constellation of SA-5 anti-aircraft missiles, a formidable weapon that the Syrians hope will change the balance of power in the Middle East.

According to Syrian sources and Western intelligence officers, the base, which is called Shishar, is off limits to everyone but the Russians, who are said to have brought their own cooks, truck drivers and clerks with them, as well as the men who operate the missiles. Even Syrian vans delivering food, a businessman said, must unload outside the gate.

Diplomats here say they believe that the Russians retain the final say as to when and if the missiles will be fired. Some think the Russians less likely to use them than the Syrians, some think them more so. But all agree that the presence of the SA-5s at Shishar, as well as another group at Damsir, east of Damascus, have restored Syrian self-confidence.

"With these new weapons," a Syrian Foreign Ministry official said the other evening to an American acquaintance, "things will be different next time" — meaning the Syrian Air Force would not be humiliated by the Israelis as it was last year. The SA-5s, new bases to house them and an increase in the Soviet troop commitment have all come to Syria since the end of the fighting in Lebanon last summer.

Officially, the Syrians say very little about the new Soviet weapons. Privately, they insist their own troops are being trained to take them over, but a senior Western ambassador said there was "absolutely no evidence" of this.

Little can be seen of the two in-

tallations from the main roads that pass near them, beyond masses of radar antennas. It is not known how many missiles are at each location, but intelligence sources suggest there are at least 20. They have a reported range of 155 miles (250 kilometers), which means they cover all of Lebanon and Israel as far south as Jerusalem.

If, as some reports suggest, a third major base is being built near Dera, on the Jordanian border, the missiles there could reach virtually all Israeli territory.

The SA-5s, which have not previously been deployed outside the Soviet Union, are the spearhead of Syria's attempt to deal with seemingly superior Israeli aircraft and electronics systems that they blame for their defeat last summer.

They have privately criticized the Soviet Union for giving them inferior hardware, and the Soviet Union, diplomats in Syria say, felt it had to provide something spectacular to regain credibility.

"It can't have been easy for Moscow to watch the Israelis' American gear outperform the Syrians' Russian gear — even though they knew, as we do, that part of the problem was Syrian incompetence," a European envoy said.

"What would their other clients say? So they sent in the SA-5s, but only on the condition that they would be manned by Soviet experts."

In addition to the missiles, which are themselves protected by shorter-range SA-6, SA-3 and SA-1 batteries, the Soviet Union has reportedly set up an elaborate command, control and electronic warfare network that is tied into its own command system via satellite communications. Data are also relayed, according to intelligence reports, by two or three Soviet warships patrolling the eastern Mediterranean and using the Syrian port of Tartus as a support base.

According to Israeli intelligence, detachments of a Soviet airborne division have been brought in to guard the bases, but a correspondent driving through the two areas last weekend could see no evidence of extensive ground defenses.

Soviet and Warsaw Pact combat pilots are believed to be flying new helicopters and MiG-23 fighters based at half a dozen air bases in northern and eastern Syria. It is not clear whether they are actually training Syrian pilots. These aircraft are mainly replacements for those lost last summer, as are new T-72 tanks and quantities of small arms.

Until now, Soviet military personnel had been thought to have been staying away from Syrian units in Lebanon, but Syrian officials who have traveled in the area in the last week said they saw Soviet officers in the Bekaa Valley and even farther west, in the hills overlooking the Lebanese capital.

U.S. officials put the total Soviet commitment in Syria at slightly less than 6,000 troops. Other sources contend it is somewhat smaller. No official sources in Damascus give any support to reports in Washington and London that the total has reached 12,000 to 15,000 or more.

Nor is there any agreement among senior diplomats of any country here with the Reagan administration's suggestion that Syria has become an outpost of the Soviet empire.

In general, diplomats say they believe that the Soviet Union's desire to keep the Middle East from bubbling and Syria's intransigent attitude toward Israel coincide and make them natural allies. They say they believe, however, that President Hafiz al-Assad remains highly independent in his policymaking and quite prepared to defy Soviet wishes if need be.

Spain's Cooking Oil Disaster of 1981 Remains Unsolved

Slowness of Justice, Meager Medical Findings Leave Victims and Families Embittered

By John Damron
New York Times Service

MADRID — Two years ago this month a mysterious disease broke out in Spain, mostly in the Madrid area, spreading panic. It seemed to appear anywhere and everywhere, without a pattern. It would attack some members of a family and spare others, strike down an elderly woman in one house and a young boy in the next.

The initial symptoms — fever, headache, nausea — gave way in some cases to more serious disorders — wracking muscle pains, numbness of limbs, a collapsing of the lungs or paralysis leading to death. For weeks the disease spread, and not until a 6-month-old baby came down with it, and a doctor questioned the mother scrupulously about the baby's diet, was the cause finally determined. It came from an ingredient found in every Spanish home, cooking oil.

So began the sad drama of what is called toxic oil syndrome, a medically imprecise condition affecting about 20,000 Spaniards who consumed tainted rapeseed oil. The oil was imported under the guise of industrial use and then "refined" for human consumption. It was sold by door-to-door salesmen and at outdoor markets in the spring of 1981.

The goal of the importers and vendors, who sold the product to mostly poor and rural families in Madrid, Castile and León, was to undercut the higher-priced locally produced oil, a staple in Spanish cooking. Something in the reprocessing turned the oil into a deadly substance.

Consumer issues still do not carry great weight in Spain, and the government rode out the storm despite charges that it had been slow to identify the cause of the epidemic and sluggish in removing the poison oil from the market. It appointed committees of doctors to try to pinpoint the toxic agent, promised indemnity for the victims and punishment of those responsible.

His grievances are many — that it took the authorities nearly two months to discover the oil was the

Now, two years later, little has happened. Doctors and scientists are still baffled by the pathology of the disease and concede that a cure seems remote. The victims, known as *los afectados*, are frustrated and angry. About 10 percent are seriously ill, some with deformed limbs, paralysis or circulatory and respiratory malfunctions. Several are still in intensive care units.

So far there have been 339 deaths directly attributed to toxic syndrome and three other deaths in which it is suspected. The figure is disputed by victims' associations, which put it at over 400. Everyone agrees that more deaths are likely.

No one has been punished, although about 20 people are in prison awaiting trial this summer. The complications of amassing such voluminous testimony — about 75,000 pages at last report — are cited as a cause for the delay. But the medical uncertainties over the precise nature of the disease may complicate the trial.

The victims have held several sittings to focus attention on their plight. They are suspicious and embittered at the slow pace of justice and the meager results of research.

"Here we are, two years after the outbreak of this syndrome, and we, the sick people, feel we are just as uncertain as we were at the beginning," said Pedro César Sanz Orozco, general secretary of a federation made up of 24 groups of victims in the Madrid region.

Mr. Sanz Orozco contracted the disease, like others, in a seemingly innocuous way. He took his family on vacation to Valencia and bought a plastic bottle of oil from an itinerant vendor. "Seven of us used it up in about 13 days and four of us got ill, my wife, two of my three children and me. My wife was pregnant and she lost the baby."

His grievances are many — that it took the authorities nearly two months to discover the oil was the



Children of the Siete Iglesias family, above, and Laura Crego were among the victims of toxic cooking oil that was sold in Madrid. The oil was collected, right, after it was implicated in an outbreak of illness in 1981.

source, that batches of recalled oil were all mixed together impeding scientific analysis, that four of the suspected culprits were able to escape.

But scientists and medical experts working on the syndrome point out that numerous investigations — clinical, epidemiological, toxicological — are under way. The problem, they say, is that the disease itself defies analysis. "This is something absolutely new in the history of medicine," said Dr. Luis Soldevilla of the Na-

tional Plan for Toxic Syndrome, set up by the government to protect the victims. "It is a new illness. There is no pool of symptoms like this existing in the world's medical knowledge."

The imported oil was specifically treated with antine to make it fit only for industrial use. It was reprocessed at high temperatures to rid it of chemical taste and color and mixed with animal fats, in the process producing analine. Most theories have concentrated on this as the possible toxic substance. But it remains unclear clear whether

analine reaction products were present in all the contaminated oils.

Others have theorized that the toxicity released free radicals in the body — highly reactive compounds that attack cell structures — but this theory, too, could not be proved.

In response to the scandal the government introduced stronger regulations in January on producing, processing and labeling cooking oil. No new cases of toxic syndrome have been found since September 1981.

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The Re-education of New York City Drivers

Lesson 1 — Red Means Stop; Lesson 2 — Yellow Means Slow Down

By Anna Quindlen
New York Times Service

NEW YORK — Once upon a time, it was decreed throughout the land that when the traffic light turned yellow, the car should slow down.

This was many years ago, when young people said "sit" and "ma'am," when subway cars rarely smelled of marijuana, when there was no need to take out a loan to rent an apartment.

There are apparently still areas in which this is true today, but they are not in New York City, where the yellow light has lost all meaning, or it means, as one cabdriver said the other day, that you should run like hell to beat the red.

Throughout the city a band of officers from the police department's highway patrol unit decided to bring a little nostalgia to the citizens of New York, and so they fanned out to major intersections and began giving out tickets.

They gave out tickets for running red lights, for turning where turning was forbidden, for disobeying traffic regulations of all sorts. By the end of the day, they had given out 240 tickets, 170 of them to motorists who chose to ignore red lights.

"Next we're going to try and re-educate them that a yellow light means slow down," said Officer Peter Pellechia.

Officer Pellechia and Officer Joseph Passiglia were assigned to 34th Street and Avenue of the

Americas. This is a world-class intersection — big, confusing, fast and considerably more than four-way. The two men stood a block north, at 35th Street, and watched and waited.

"Want to see me nab somebody?" Officer Pellechia said. "Piece of cake."

Immediately a cab turned the corner, from 34th onto the avenue. No turns are permitted from 34th Street. Officer Pellechia walked to the middle of the street, pointed the long finger of the law at the cab, and waved him over.

"What?" said the driver. "What? Are there signs?"

"Five," said Officer Pellechia, and wrote the ticket.

There have been many attempts to dissuade motorists from breaking the laws in the past, but the efforts have been small and the problem large. Now, there are 70 officers newly assigned to this duty, to provide what Lieutenant Donald Buhrmeister, who heads the detail, is fond of calling "an omnipresence."

"Running a red light means nothing to people now," he said. "It just means getting where they want to go. They don't think about hitting somebody. They don't think about breaking the law. We are going to re-educate them."

Drivers were not pleased about the lesson, particularly those who drive for a living. Many suggested that the police should be out catching the real criminals.

"Original Loe," said Officer Passiglia. Several motorists who received tickets from the two officers at 35th Street were from out of town, those hapless beings with license plates of unfamiliar hues who are always accused by cabbies of being rotten drivers, precisely because they slow down for yellow lights, stop on the red and even signal before changing lanes.

Pedestrians were thrilled. There is a street war between those who use their feet to propel their bodies and those who use them to propel their cars.

"I am thrilled," said Selma Brown. "They're maniacs. Maniacs. Running people down every which way. I hope they get them all." She gave a van being ticketed a sharp kick in the rear wheel.

An elderly man with a cane crossed 35th Street tortuously and tapped Officer Passiglia on the shoulder. Then he patted his blue sleeve tenderly.

"Good boy," he said, and crossed back again. "See?" said Officer Passiglia. "They love it. A lot of people have stopped and congratulated us."

This effort will continue. The police would basically like people to live in fear on this one. "We would like them to become accustomed to the idea that if they run a red light, they will get a ticket," said Lieutenant Buhrmeister. In New York City, this is revolutionary.

Beyond the Accord: Will Israeli-Lebanese Pact Succeed?

U.S. on the Side of Most Arab States

By Bernard Gwertzman

New York Times Service

WASHINGTON — For the second time in four years, a Middle East accord has been worked out by the United States, but unlike what happened after the Egyptian-Israeli peace treaty, Washington appears this time to be on the side of an Arab majority favoring the Lebanese-Israeli troop withdrawal agreement.

This could have significant long-term implications for future peace efforts in the region, administration officials and Middle East diplomats say.

In the aftermath of the two-week mission of Secretary of State George P. Shultz, the Syrians have

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launched a fierce polemical campaign not only against some of the specific terms of the Lebanese-Israeli accord, but also against the concept of the signing by Lebanon, an Arab nation, of any agreement with Israel.

Syria had also led the fight in 1979 against the Egyptian-Israeli peace accord, for many of the same reasons. President Hafez al-Assad argued then that the Egyptians were weakening the Arab front against Israel, allowing Israel to divide and conquer the region.

The major difference between 1979 and 1983, officials point out, is that in 1979 President Anwar Sadat of Egypt ended up virtually alone in the 22-nation Arab world, with only Sudan and Oman with him. Today, President Amin Gemayel and his fragile Lebanese coalition have attracted considerable public Arab support. Already Egypt, Jordan and Iraq, each for different anti-Syrian reasons, have come to Lebanon's defense.

There is expectation in Beirut, U.S. officials said, that Algeria, Morocco and Tunisia will soon join in. Saudi Arabia and other Gulf states are expected to avoid open conflict with Syria but to tell Damascus behind the scenes that it should pull out of Lebanon when asked by Beirut to do so.

The only Arabs to back Syria in its polemical war on Lebanon are Libya and the Palestine Liberation Organization. South Yemen is expected to support Damascus as well.

The Soviet Union, as part of a global effort to block the United States, has also condemned the Israeli-Lebanese agreement, but has not yet backed the idea of Syrian and PLO troops rejecting a request by Lebanon to pull out in tandem with Israel. It is only by a simultaneous withdrawal that all foreign troops will leave Lebanon.

Lebanese diplomats said a major reason that Lebanon was securing the support that was never given to Egypt was that Mr. Gemayel was determined to learn from Mr. Sadat's mistakes. Lebanon carefully kept other Arab states informed of the drawn-out negotiations with Israel and avoided the "shocks" that the more dramatically inclined Mr. Sadat indulged in. And he made it clear that he would not agree to a peace treaty or a permanent Israeli military presence in Lebanon after a troop withdrawal.

The United States, which engineered the Israeli-Lebanese agreement just as it did the Camp David accord of 1978 and the Egyptian-Israeli peace treaty of 1979, finds itself now in the unusual position of being not only Israel's principal ally, but also regarded as a constructive force by many, if not most, of the Arab states.

"In the Middle East, we see the remarkable phenomenon of Arabs and Israelis, locked in conflict for generations, looking to the United States as the one great power able to help them find a way out," Mr. Shultz said Friday night. "Both sides trust our fairness, they respect our good faith and they find reassurance in our participation as they face the risks and challenges of peace."

The administration intends in coming weeks to follow a relatively restrained approach, encouraging the Arabs, behind the scenes, to come to Lebanon's support and trying to persuade the Syrians and the PLO to drop their opposition and agree to join in a withdrawal from Lebanon.

Mr. Shultz has also let the Syrians know that the United States was ready to take seriously any legitimate security concerns they may have and to negotiate, if asked, a Syrian-Lebanese accord to match the Israeli-Lebanese one.

But the administration believes, at least for the moment, that the strength of the Arab support for Lebanon is so solid that it is not necessary for the United States to be in the forefront of public discussion, and that it might even be counterproductive for Washington to take such a part. One of the main Syrian-Soviet arguments against the Israeli-Lebanese accord is that Washington imposed it on Beirut, and therefore it makes no sense for the United States to seem to support that claim by treating the accord as made in the United States, State Department officials said Sunday.

If the Syrians remain adamant and refuse to withdraw their forces from Lebanon, they will probably provoke a major split in the Arab League. Some optimistic State Department officials believe that in the end, to avoid such a damaging rift, the Syrians and the PLO will have to withdraw, perhaps with an agreement meant to protect their interests and honor.

Mr. Assad's failure to agree to withdraw has already produced speculation about a new Israeli-Syrian conflict, but the prevailing view in Washington is that such a war is not very likely given Syria's recognition that, despite this year's infusion of modern Soviet equipment, it is no match for the Israelis.

American officials are suggesting that whatever happens, the American diplomatic role in the region will be enhanced. If the Syrians eventually withdraw, it will be seen as the result of the U.S.-negotiated "first step" between Israel and Lebanon. If the Syrians do not, they and the Soviet Union and the PLO will be seen as spoilers, opposing efforts at Lebanon regaining control of its own country, and at blocking steps to ease tensions.

This would put the United States on the side of the Arab consensus, officials said, with the Russians stuck with the "rejectionists."

Russia Again Casts Itself as a Spoiler

By John F. Burns

New York Times Service

MOSCOW — The Soviet Union, with its daily fulminations against the plan worked out by Secretary of State George P. Shultz for the withdrawal of foreign troops from Lebanon, has again cast itself as a spoiler of the U.S. peace initiative for the Middle East.

Ever since President Ronald Reagan offered his proposals for a settlement between Israel and the Palestinians in September, the Soviet Union has exerted influence on key figures, including Yasser Arafat, the Palestine Liberation Organization chairman, to shun the proposals. Arabs have been told that the

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Reagan plan dooms the Palestinians to "eternal wandering" without a state of their own.

In recent weeks Moscow has been directing its polemics against the effort to get Israeli, Syrian and Palestinian forces out of Lebanon, saying the provision of an Israeli-monitored security zone in the south of Lebanon would turn that country into "Israel's harem" and provide "a stronghold for a fresh United States military presence in the Middle East."

The point of Soviet influence is Syria, which rejected the Israeli-Lebanese troop withdrawal plan as "a grave danger to Syria's security."

The infusion of Soviet weapons into Syria has had a political as well as a military purpose. While bolstering Syrian defenses against possible Israeli attack it has also enhanced Soviet influence in Syria, the only country close to the heart of the Middle East in which the Kremlin retains a major foothold.

After the debacle suffered by Syrian soldiers and airmen using Soviet equipment last summer, there was widespread Arab criticism of Soviet arms and of the value of alliances with Moscow. The Shultz withdrawal plan has presented Moscow with a new threat.

Behind the polemics about Israel's continued presence in southern Lebanon, Western diplomats see a Soviet determination to block a U.S.-sponsored agreement that would once more leave the Kremlin on the Middle East sidelines, where it has been for much of the last decade.

Keeping the Syrian forces in Lebanon would keep alive Soviet hopes that the United States would eventually be forced to turn to the Kremlin for help in achieving a Middle East peace. The Russians' persistent demand has been for an international conference at which the United States and the Soviet Union would jointly work out a settlement. But Moscow's influence in the region has been so limited that Washington has been able to conduct diplomacy alone.

Few diplomats here regard the Soviet military buildup in Syria as an immediate threat to Israel. U.S. Secretary of Defense Caspar W. Weinberger, among others, has said that the recent installation of Soviet SA-5 anti-aircraft missile batteries raises the risk of a new and wider war. But the common view among Western and Middle East envoys here is that Moscow

will use its influence to prevent the Syrians from taking any action that could provoke a new conflict.

The Russians have been saying that Israel has nothing to fear unless it attacks Syria. The SA-5 missiles, however, have a potential range that could threaten not only Israeli planes intruding into Syria but also air operations inside Israel and over Lebanon.

Diplomats say substantial Soviet casualties as a result of an Israeli attack on the missile sites might prompt the Kremlin to intervene and bring on a direct confrontation with the United States. They believe that it is this possibility that Moscow is counting on to prevent an Israeli attack on the missile sites.

Warnings about the dangers of an Israeli attack on the SA-5 sites began emanating from the Kremlin as the missile batteries approached operational status two months ago, and have been directed at the United States as well as Israel, where some officials have argued for pre-emptive strikes. Privately, Soviet officials have credited the warnings with preventing Israeli attacks and have cited the experience as proof that the Soviet Union is still a force to be reckoned with in the region.

Beginning with the ouster of Soviet soldiers from Egypt a decade ago, and even more so since the rout of the Palestinian forces in Beirut last year, the Russians have lacked the clout to shape events. They have proved more than once that the leverage they do have is enough to complicate and occasionally frustrate the will of others.

This lesson seems to have taken hold with the new Soviet leader, Yuri V. Andropov, who has avoided the involvement that was characteristic of his predecessor, Leonid I. Brezhnev.

Several times last summer Mr. Brezhnev sent messages to Mr. Reagan warning that the Soviet Union could not remain indifferent to events in Lebanon. When his words went unheeded, as they did over the inclusion of U.S. troops in the international peacekeeping force for Beirut, the Kremlin found itself with narrow options. In the end it did nothing.

Mr. Andropov, perhaps because of the demands made by domestic issues and by arms talks with the United States, has had little to say on the Middle East. He met with Mr. Arafat this year but passed up the opportunity to make a statement. Diplomats believe that he may think it better to wait for events to develop to the point where Moscow's word carries weight.

Soviet officials leave no doubt of their conviction that matters will move their way if U.S. diplomacy continues to avoid what they see as the nub of a Middle East settlement, the establishment of a Palestinian state.

For the moment Syria is the fulcrum of Soviet leverage, but the feeling seems to be that other Arab countries such as Jordan that have traditionally been friendly to the United States will eventually tire of U.S. initiatives that skirt the nationhood issue. According to this view, they will consequently become more receptive to having the Soviet Union play a more important role.

WORLD BRIEFS

Australia Aide's Remarks Assailed

SYDNEY (UPI) — Opposition members of Parliament assailed the deputy prime minister Monday for having proposed a joint Japanese-Australian peacekeeping force in Cambodia before the plan had been officially considered by Canberra and Tokyo.

A spokesman for the Japanese Embassy in Canberra said he learned of the proposal, outlined in a speech Sunday by Deputy Prime Minister Lionel Bowen, in news reports. He said Japan's Self-Defense Forces were constitutionally prohibited from being stationed on foreign soil. On Monday, Mr. Bowen described his remarks made in Britain on Sunday as "off the cuff."

Government sources Monday predicted that Mr. Bowen would be censured by the cabinet of Prime Minister Robert Hawke. The sources said the proposal also threatened to derail initiatives made by Foreign Minister William Hayden toward a lasting solution in Cambodia, which is occupied by an estimated 180,000 Vietnamese troops. The foreign minister is scheduled to hold talks with Vietnamese officials next month in Hanoi.

Director, Deputy Clash at USIA

WASHINGTON (UPI) — A dispute among the leadership of the U.S. Information Agency may lead to the reassignment of the agency's No. 2 official after a disagreement involving the director, Charles Z. Wick, government sources said Monday.

Congressional and USIA sources said that Mr. Wick dismissed Gilbert A. Robinson, deputy director of the agency, on Friday in a dispute involving a recent raise for Defense Secretary Caspar W. Weinberger's son, who works for the agency. The sources, however, disagreed on whether position each man took in the dispute.

At the White House, the deputy press secretary, Larry M. Speakes, said no letter of resignation had been received from Mr. Robinson, a presidential appointee, lending credence to reports that Mr. Robinson would get a job elsewhere in government.

Self-Regulation Urged for Media

AMSTERDAM (Combined Dispatches) — Self-regulation of the news media should be tightened to avoid government curbs as a result of such incidents as the forged Hitler diaries, the International Press Institute director, Peter Gelliner, said Monday.

"The media risk losing credibility as more and more people question their judgment," Mr. Gelliner said at the opening ceremony of the three-day general assembly of International Press Institute members. The gathering includes 275 editors and journalists from 40 countries.

In Hamburg, Reinhard Mohr, chairman of the Bertelsmann group, which controls Stern, rejected demands by the magazine's staff that management be removed following publication of the forged diaries, a member of the editorial staff said. The staff member said that Mr. Mohr turned down every demand made during a meeting with representatives of about 160 Stern journalists staging a sit-in at the magazine's offices. They intend to continue their protest, he added.

Kenyan Aide Denies Role in Plot

NAIROBI (AP) — A member of President Daniel Arap Moi's cabinet, declared Monday that he was not the unidentified "traitor" who Mr. Moi had claimed was being "groomed by a foreign power" to replace him as head of state.

The statement by Charles Njonjo, 63, minister for constitutional affairs, was the latest in a series of charges and denials last week in what has become Kenya's biggest political crisis since the coup attempt Aug. 1. The furor began after Mr. Moi told a fund-raising rally in Kisumu, western Kenya, on May 8 that he was aware of a foreign plot to depose him.

"I do not want to engage in the current witch hunting which is being waged by some politicians in the press," Mr. Njonjo said a day after his return from a two-week visit to Europe. "Let me say categorically that I am not being groomed by any foreign power or powers for any office in this country — as has been suggested by certain politicians and the press."

E. German Pacifists Vow Activism

BERLIN (UPI) — Buoyed by a large turnout at a church gathering to demand that East Germany show more "imagination for peace," the Communist nation's unofficial peace movement Monday vowed to fight for recognition.

"We will not cease to speak out where the idea of peace is attacked in our society," members of the East German movement said in a letter to their West German counterparts. The letter was published in the Frankfurt Reinhard newspaper.

The statement coincided with an East German Protestant church gathering in Erfurt on Sunday attended by more than 30,000 to celebrate the 50th anniversary of the birth of Martin Luther.

Kohl Reportedly Cool To French Proposal

PARIS — President Francois Mitterrand told Chancellor Helmut Kohl of West Germany on Monday about his ideas for a conference to reorganize the world monetary system, and Mr. Kohl "listened with reserve," West German official sources said.

The leaders met in Paris on the first of two days of regular scheduled talks centering on preparations for the Williamsburg economic summit meeting later this month.

The chancellor's attitude toward Mr. Mitterrand's call for a new Bretton Woods-type reorganization of exchange rates was described somewhat differently by Michel Vauzelle, Mr. Mitterrand's spokesman. He said at a briefing that the West Germans seemed to "show an openness toward the proposition made by France."

The West German sources, who could not be identified under the rules of a briefing later, said they did not know what Mr. Vauzelle's remark referred to. Mr. Kohl's government in general — and notably its minister of economics, Otto Lambsdorff — has reacted with considerable public skepticism about any attempt to impose new international controls on exchange rates.

The West German sources said that Mr. Kohl and Mr. Mitterrand saw no single theme as a top-priority issue at Williamsburg and that they believed the United States did not regard East-West trade as such a priority. Rather, the sources said, France and West Germany believe the United States has come around to their position on avoiding tensions over that issue.

Both men, the sources concluded, said the meeting in Williamsburg could serve as a signal of confidence to the world and must show a will for international cooperation.

Mr. Vauzelle spoke of "a great closeness of French and German positions on Williamsburg."

Foreign Trade Minister Edith Cresson of France said Monday in a radio interview that her country's trade deficit with West Germany had become "intolerable," and she hinted at protectionist measures unless Bonn took steps to open its markets to French goods. The Associated Press reported from Paris.

France's trade deficit with West Germany last year was 38 billion francs (\$5.13 billion at current exchange rates).

3 Hurt in Paris Protest

Three persons were injured during protests by shopkeepers Monday in Paris, while farmers blocked frontier posts and burned imported meat, United Press International reported. Police estimated the Paris demonstrators' numbers at 5,000.

Also Monday, construction workers marched in Marseille and tied up traffic on the expressway around Paris to protest the recession's effect on their field.

Bush Visit to Europe Set

WASHINGTON — Vice President George Bush, who visited Europe in January to enlist support for U.S. arms control policy, will return to Western Europe next month, the White House said Monday. Mr. Bush is to leave on May 23 for a two-week trip during which U.S.-Soviet negotiations on European missile reductions will again be a major issue, a White House spokesman said.

Workers Tell Regime: Stop Attacking Walesa

Compiled by Our Staff From Dispatches

WARSAW — Workers at the Lenin Shipyard in Gdansk and other plants along the Baltic coast have issued a statement condemning attacks on Lech Walesa, the leader of the banned Solidarity union, and warning the government against continuing them.

"We lodge our sharpest protest against the stepped-up campaign of slander and libel directed against the people who for many years represented the interests of the workers on the coast, still represent them and enjoy respect and high trust," the statement said.

The workers were protesting the almost daily assaults on Mr. Walesa and his priest, Henryk Jankowski, and the Roman Catholic Church in the official media. The Gdansk Communist Party paper had accused Father Jankowski's parents of active support for Nazi Germany, a charge he has rejected as slanderous.

The workers' statement, made available in Warsaw Monday, was sent to the parliament and the PAP news agency. A copy of the protest was also sent to Poland's primate, Cardinal Jozef Glemp, who flew to Rome Monday with the bishops from all the dioceses Pope John Paul II will visit during his week-long trip to Poland in June. The Glemp party is expected to spend four days in Rome to make final arrangements for the visit.

"They have the illusion," the workers' statement said, "that they can spread slander and libel with impunity since the press, radio and television are not accessible for those who would like to defend the people who are being slandered."

But fresh criticism was leveled Monday at Mr. Walesa by the Pol-

ish Army newspaper, *Zolnierz Wolnosci*, which denounced him for writing in the name of the Polish nation, although he is only a private citizen, to the head of a West German human rights organization. It said Mr. Walesa wrote to thank the organization, headed by Bernhard Bilke, former editor of the conservative newspaper, *Die Welt*, for aid to Poland.

Meanwhile, police sources said Monday that the death of an 18-year-old student last week in Warsaw could have been caused by a severe police beating during custody, but a police communiqué listed other possibilities pending an official inquiry.

The police statement said the youth, Grzegorz Przemyski, was picked up Thursday evening with a friend in a "brawling and drunk" condition and was later taken to the hospital by ambulance "because of his unusual behavior and the injuries he had."

The statement said doctors at the hospital recommended hospitalization, but Mr. Przemyski's mother insisted he return home with her. His mother, Barbara Sadowska, is an activist at the prisoner aid center at St. Martin's church convent.

Mr. Przemyski was taken to the hospital again 24 hours later and underwent an operation, which revealed severe internal abdominal injuries, the statement said. He died shortly afterward.

It said Mr. Przemyski's injuries could have occurred either when he fell down some stairs before police intervened or when the ambulance crew "had to use force" against his struggles on the way to the hospital. It said an investigation into the incident was under way.



NOVEL DUTY — A U.S. marine is guarding a foreign diplomatic mission — the British Embassy in Beirut — for the first time in history. American diplomatic officials were given office space in the British building following the terrorist bombing of the U.S. Embassy last month.

Begin Is Said to Overrule Arens on Post for General

(Continued from Page 1)

error," and "a breach of the duties incumbent upon him," the commission recommended that he "not serve in the capacity of a field commander in the Israel Defense Forces, and that this recommendation not be reconsidered before three years have passed."

Under former Defense Minister Ariel Sharon and the former chief of staff, Lieutenant General Rafael Eitan — who also left their jobs after being assailed by the commission — General Yaron was promised a promotion in rank and the training post. But after Mr.

Arens took over as defense minister, he was advised by the Defense Ministry's legal counsel, the army's judge advocate general and the attorney general that any promotion of General Yaron would contradict the spirit of the commission's recommendation.

Since the manpower and training job is at a higher level than division commander, Mr. Arens interpreted the legal opinions as militating against the appointment as well as the promotion in rank. In this he overruled his new chief of staff, Lieutenant General Moshe Levy, who recommended both the promotion and the appointment.

General Yaron's case took on added importance because he had openly opposed the Israeli Army's entry into West Beirut when it was first prepared several weeks after the invasion of Lebanon last June.

After the Arens decision last week, General Yaron reportedly appealed to Mr. Begin, who called Mr. Arens in and urged the compromise of awarding the general the training job, but not the promotion.

Labor Offers Program For British Campaign

Compiled by Our Staff From Dispatches

LONDON — The opposition Labor Party opened its election campaign Monday by pledging no nuclear weapons and more state spending, while Prime Minister Margaret Thatcher said Labor sought to alter British society radically.

Mrs. Thatcher said Monday she had not yet decided whether to interrupt her campaign to attend the Williamsburg economic conference of Western powers at the end of the month.

"Obviously I want to go because I think Williamsburg is important, but equally it does come at a rather critical time for us," she said on television.

Mrs. Thatcher said she would meet with advisers Tuesday to decide whether to attend the meeting May 28-30. The election is scheduled for June 9.

The Times of London reported Monday, however, that Mrs. Thatcher had decided to attend the meeting — and would fly by Concorde so she would miss less campaigning.

Although the latest polls Monday gave her Conservative Party a lead of 14 percentage points over Labor, 46 percent to 32 percent, campaign planners are nervous about her being absent from the country.

"I'm not frightened of leaving the country," she said, "but I'd think twice before leaving at that

particular time because you naturally want to be near what's going on."

As battle was engaged for the election, Mrs. Thatcher said on television, "There is a very stark choice," maintaining that "Labor is the most extreme policy that has ever been put before the electorate."

It's a choice between a society that is controlled and a society that is free under the rule of law."

Labor's leaders set out their program with the slogan, "Think Positive. Vote Labor."

The program provides for an injection of £11 billion (about \$17 billion) into the economy, overturning four years of Conservative monetary controls under which inflation has dropped to a 15-year low of 4.6 percent and unemployment has nearly tripled.

Labor's leader, Michael Foot, said the party's program would reduce the number of unemployed, currently 3.17 million, by 2.5 million within five years.

Labor would also cancel Mrs. Thatcher's deal to buy U.S. Trident missiles, scrap Britain's nuclear weapons, refuse to deploy U.S. cruise missiles, and start talks on putting out of the European Community.

The leaders of the Social Democratic-Liberal Party Alliance also launched their campaign Monday, urging an end to the "hold of the two class-dominated parties over our national life."

Both Parliaments Approve Israeli-Lebanese Accord

(Continued from Page 1)

Reagan's attempts to dominate the Arab region.

In his address, Mr. Arafat said that Washington wanted to change the political map of the Middle East through the U.S.-mediated accord between Israel and Lebanon for the withdrawal of foreign forces from Lebanese territory.

"For the Arab states the only way to get out of the present impasse is to go to war and fight to change the balance of power in the region," Mr. Arafat was quoted as saying by the Palestinian news agency Wafa.

"The Arab leaders have to take the decision to fight and go to war. As for the PLO, we have decided to confront and struggle against imperialist schemes, which are aimed

at imposing the American will over the Middle East."

The address, monitored in Beirut, was made after Mr. Arafat conducted a weekend tour of the Bekaa Valley. It was the first time Mr. Arafat had visited Lebanon since Israel drove the PLO from Beirut last summer.

Israel has vowed not to withdraw unless the Syrians and Palestinians leave as well. President Hafez al-Assad of Syria has rejected the accord, saying it gives Israel military control over Lebanese territory, airspace and coastal waters.

In an interview published Monday in Beirut, the Syrian foreign minister, Abdel Halim Khaddam, said his nation not only would keep its forces in Lebanon but would also prevent the implementation of the accord.

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THE GREAT SCOTS

Truman, Eisenhower Rejected Nuclear First-Strike Plans

By Walter Pincus

Washington Post Service

WASHINGTON — In the late 1940s and early 1950s, when the United States had a nuclear weapons monopoly, Presidents Harry S. Truman and Dwight D. Eisenhower entertained and then rejected Joint Chiefs of Staff studies suggesting a preventive war against the Soviet Union before it also obtained such weapons, according to recently declassified Pentagon documents.

Knowing that the Soviet Union was developing hydrogen weapons that could destroy the United States, Eisenhower later approved plans calling for a pre-emptive nuclear first strike against Russia if it began a conventional war, according to once-secret memos published by Professor David Alan Rosenberg of the University of Houston in the current issue of International Security, a quarterly published by Harvard University.

The first post-World War II study by the Joint Chiefs of Staff in October 1945 on the "overall effect of the atomic bomb on warfare and military organizations" posed a military dilemma that remains today.

"There is no known defense against the principle of the atomic bomb. The only active defense lies in preventing the employment of the bomb by effective action against its source or by destroying its carrier in flight. Effective action at its source would normally

require us to 'strike first,'" said the report, which now is in the National Archives.

In 1947, a Joint Chiefs of Staff board that studied the results of the first U.S. nuclear weapons tests at Bikini, recommended to the secretary of defense "that Congress be requested to redefine 'acts of aggression' to include the readying of atomic weapons against us and to authorize the president 'after consulting with the Cabinet, to order atomic bomb retaliation' to prevent attack on the U.S." according to the article.

After three years of study, that proposal was dropped by the White House because, as Admiral Forrest Sherman, then chief of naval operations, said, it was of questionable constitutionality.

Truman was opposed to the idea of a preventive nuclear war, but he and his aides recognized the enormous damage that just a few nuclear weapons could do to the United States. A February 1950 National Security Council paper found that, for example, "just 16 atomic weapons, if properly targeted, could 'most seriously disrupt' the U.S. government," according to the article.

In 1952, American scientists exploded the first hydrogen device, hundreds of times more powerful than the first atomic bombs.

Nevertheless, the next year, a National Security Council report on continental defense concluded that Pentagon programs were "not now adequate either to prevent, neutralize, or seriously deter the military or

covert attacks which the U.S.S.R. is capable of launching, nor are they adequate to ensure the continuity of government."

Such a situation, the council concluded, "constitutes an unacceptable risk to our nation's survival." To meet the threat, according to the article, the administration undertook to increase its offensive nuclear force "to match the growing Soviet Air Force," and develop a defensive early warning radar system.

Such steps were not considered enough to meet what another National Security Council document described as the Soviet Union's ability to deliver soon a "crippling blow," using thermonuclear weapons against the United States in a surprise attack.

At that time, Eisenhower, in a memo to his secretary of state, John Foster Dulles, suggested that the United States would find security only in being able "to inflict greater loss against the enemy than he could reasonably hope to inflict on us. . . . But if the contest to maintain this relative position should have to continue indefinitely, the cost would either drive us to war — or into some form of dictatorial government. In such circumstances, we would be forced to consider whether or not our duty to future generations did not require us to initiate war at the most propitious moment we could designate."

In March 1954, the first U.S. deliverable hydrogen bomb was tested at Bikini. Two months later, a Joint Chiefs study group proposed that the United States

consider "deliberately precipitating war with the U.S.S.R. in the near future" before the Soviets acquired hydrogen bombs and became a "real menace," according to a memo drafted by General Matthew B. Ridgway, then army chief of staff. He opposed the idea as "contrary to every principle upon which our nation had been founded."

Several months later, Eisenhower approved a National Security Council paper that declared that "the United States and its allies must reject the concept of preventive war or acts intended to provoke war."

By 1955, according to the article, it was becoming apparent that even a pre-emptive strike by U.S. forces could not prevent a devastating Soviet nuclear response. The ensuing dilemma for Eisenhower is reflected in a 1956 entry in his diary.

"The only possible way of reducing losses would be for us to take the initiative sometime during the assumed month in which we had the warning of an attack and launch a surprise attack against the Soviets. . . . Since this would not only violate national tradition, but would require rapid, totally secret congressional action and immediate implementation, it would appear impossible that any such thing would occur."

His answer was to press forward with the idea of massive retaliation — the publicized notion that if the Soviet Union initiated any type of nuclear attack, the U.S. response would be the total thermonuclear destruction of Russia.

Senate Panel Says FBI Gave Inaccurate Data In Donovan Hearings

By Robert Pear

New York Times Service

WASHINGTON — A Senate committee has concluded that officials of the Federal Bureau of Investigation "misled" the committee in 1981 and 1982 by withholding information that cast doubt on the fitness of Raymond J. Donovan to be secretary of labor.

In a report on its yearlong investigation, to be issued this week, the Committee on Labor and Human Resources says: "The FBI supplied information that was inaccurate, unclear and too late. Worse, while the FBI told the committee that there was nothing else to know, it withheld pertinent, significant and important information."

The report said that by withholding the derogatory information, the bureau "compromised the Senate's ability to inform itself" about Mr. Donovan's qualifications. Regardless of whether the evidence would have altered the Senate vote on Mr. Donovan's nomination, it said, "The FBI usurped the Senate's constitutional responsibility; it guaranteed that no senator's consent would be adequately informed."

The committee said that, at this stage, it was "not concerned with the truth or falsity of the allegations against Mr. Donovan" because "that was the province of the special prosecutor," Leon Silver-

man. Mr. Silverman concluded last June that "there was insufficient credible evidence to warrant prosecution of Secretary Donovan on any charge."

The committee's purpose was not to renew the criticism of Mr. Donovan, but to investigate "the timeliness and completeness" of the bureau's disclosures to the Senate.

William H. Webster, director of the FBI, has defended the bureau's performance. He said "housekeeping mistakes" in the bureau were responsible for its failure to inform the Senate of all the allegations against Mr. Donovan. He added, "There was no concealment of criminal activity of any kind, nor intention to conceal."

The committee criticized the bureau for failing to inform it of four sets of allegations and statements:

- Six references to Mr. Donovan picked up in 1979 through wiretaps on the telephone of William F. Masselli, described by the bureau as a "soldier" in the Genovese crime family in New York. Mr. Masselli was later convicted on federal hijacking and narcotics charges and began serving a seven-year prison term last year.

- References to the Schiavone Construction Co. found in the bureau's files on its investigation into the disappearance of James R. Hoffa, the former president of the



Ray Donovan

Teamsters' union. Mr. Donovan was executive vice president of the company before he became labor secretary.

- The contention of an informer that Mr. Donovan had definite ties to organized crime figures as a result of dealings between the Schiavone Construction Co. and the Big J Trucking Co. Officers of Big J had arrest records and were suspected by the bureau of having "organized" crime associations. Schiavone rented equipment from Big J for work on a subway project in New York City.

- An unspecified reference to Mr. Donovan uncovered in a federal investigation of sewer construction on Long Island, New York. Neither the bureau nor the committee gave details of the allegation.

UAW Leader's Retirement to End An Era in History of U.S. Labor

By John Holusha

New York Times Service

DALLAS — An era in the American labor movement will come to an end Thursday when Douglas A. Fraser retires as president of the United Automobile, Aerospace and Agricultural Implement Workers of America, a union known as the UAW.

Mr. Fraser, 66, is the last of the founding generation of the union, men who worked with Walter Reuther in the brutal organizing battles of the 1930s and 1940s and the precedent-setting contract negotiations of the 1950s and 1960s.

As president of the union for 24 years until his death in an airplane crash in 1970, Mr. Reuther won contracts that included such innovations as cost-of-living wage adjustments, pay for laid-off workers, early retirement and generous health and pension benefits. Mr. Reuther also made the union a peace-seeker in social issues, forcefully endorsing the cause of civil rights for blacks when other unions were reluctant to act.

But Mr. Reuther made his gains during the heyday of the American auto industry, when tail fins and chrome ruled the highways and the only imports were a few British sports cars and a funny-looking West German car known as the Beetle.

The last few years have been difficult for both the industry and the union. With imports accounting for almost one-third of the cars



Douglas A. Fraser

department. Mr. Bieber, 53, edged out Raymond Majerus, the secretary-treasurer of the UAW, for the nomination of the leadership group that has controlled the union since Mr. Reuther gained power in the late 1940s. The actual voting will be done by the 3,000 delegates to the union's convention here this week. In the past, there has been only token opposition to an official nominee.

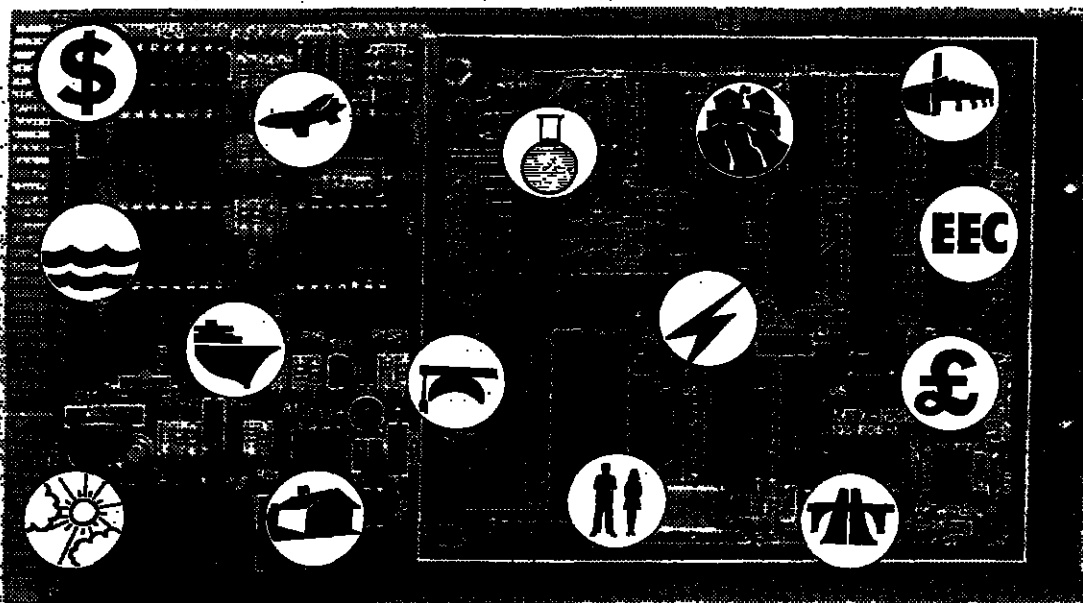
Mr. Bieber is not as widely known, even within the union, as Mr. Fraser was when he became president in 1977. He has spent most of his career as a union official in western Michigan, unlike Mr. Fraser, who was a personal assistant to Mr. Reuther in the 1950s and was Mr. Reuther's choice as a successor.

Some people in the auto industry have expressed fears that Mr. Bieber will be under pressure from the rank and file to demonstrate strong leadership by winning a big contract quickly, despite the still-weak industry's disadvantage in costs against Japanese manufacturers.

Mr. Bieber replies that he is not going to be pushed into anything. The UAW, he said, is a responsible union sensitive to the condition of the domestic auto makers.

"I don't feel I have to establish my manhood with some kind of major achievement," he said last week. "We have been able to recognize the situation we face, and we'll do that in the future."

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El Salvador Notebook: Citizens Uneasy Over Resurgence of Revenge Killings

By Lydia Chavez

New York Times Service

SAN SALVADOR—The Salvadoran government has released more than 50 of the country's 700 political prisoners since the beginning of the year.

On May 8, the bodies of two of those freed were among eight picked up by the International Committee of the Red Cross on a road three miles (five kilometers) north of the capital. Two men, still alive, were also picked up by the Red Cross and were hospitalized.

One of the survivors, who asked that his name not be used because he feared someone would take him from the hospital and finish him off, said uniformed men in Mejicanos, a neighborhood north of the capital, had ordered him to get into a truck.

"I didn't do anything. I have my papers," said the 34-year-old man, who added that he supported his wife and two daughters by working as a shoemaker and driver and by selling goods on the street.

He seemed dazed as he talked. His legs had been shattered by bullets fired at close range, making him in slightly worse condition than the 28 other men who shared the large, warehouselike orthopedic ward with him.

The incident was the second of its kind in three days; two days earlier, a body was left in the parking lot of the Camino Real Hotel with a death threat addressed to a member of the moderate Christian Democratic Party.

By the end of last week, local newspapers had reported that 15 persons, including a student and doctor, had been picked up by the National Guard for having political sympathies considered incorrect in San Salvador. Under the state of siege, anyone can be held by the police for 15 days without a cause being given.

Officials tried to play down the incidents, but the murders disturbed many because killings of this sort are not as common in the capital as they were last year.

"I don't think they are organized squadrons," said José Francisco Gutiérrez, the president's chief aide. "They are people taking revenge. This is part of the moral chaos that the guerrillas have led us to."

Other Salvadorans believed that the resurgence of violence was the work of extreme rightists trying to intimidate the new defense minister, Eugenio Vides Casanova, or a reaction to an amnesty law that is expected to go into effect this week. Under the law, a three-member commission will have the power to free prisoners charged with political crimes punishable by a sentence of less than four years.

A week ago Cinquera was a town of 500 to 600 people. By Saturday it had been abandoned. A few lean dogs roamed the streets or stood at the blown-out doors of empty houses. A doll, its head missing, had been left in the town square, and at different corners the stench

of decaying bodies was unmistakable.

The town is four blocks deep on either side of a town square that was littered with typewriters, shells and papers. On Saturday a group of men in a truck with two coffins in the back arrived to look for the remaining bodies.

At the beginning of the week, leftist insurgents took the town after heavy fighting that left at least 170 people dead—50 civilians, 40 civil defense troops, 40 soldiers and 40 guerrillas. The survivors were evacuated to nearby towns.

The magnitude of the battle, and Cinquera's history, led many survivors to believe that the guerrillas who returned, some of whom were recognized as cousins, wanted revenge. In the late 1970s the townspeople were organized by priests, and political rallies were held. But in 1980 many of the activists were killed by soldiers or fled for their lives, and since then the town has been considered a government town.

After the town was retaken by government troops, there were reports that civilians and soldiers had been executed by the guerrillas. These reports could not be confirmed, and Thursday the guerrillas released 18 political prisoners unharmed.

In Tejutepique, four miles away, about 30 of the Cinquera refugees, mostly women and small children, had settled in small groups under the awnings of the buildings that face the town square. None of the refugees seemed to care if they ever returned to Cinquera.

"I am afraid," said Josefina Mendez, a 21-year-old widow with three children. Her husband, a member of the local civil defense force, had been killed in the fighting. She said the guerrillas had gone from house to house taking some people out, but she was uncertain what had happened to them.

Other refugees said they had stayed in their houses during the

fighting and did not move until the government troops came in.

Residents of the capital seem on edge these days, perhaps because of the frequent reports in the local newspapers about the war and crime in the city. These incidents have been made less tolerable by temperatures above 32 degrees centigrade (90 Fahrenheit), the start of the rainy season and a virus going

around that has many people nursing a fever.

Cristóbal Alemán, a member of the Human Rights Commission and a leader of a large labor organization, is being more cautious than in the past. He has not received any direct death threats but is a little nervous about his investigation of a massacre of 18 peasants in Las Hojas in February in which an army captain was implicated.

A Western source said that Mr.

Alemán might be sent to the United States on an educational exchange program. Of course, he added, this was only a possibility. Mr. Alemán lived that long.

A Salvadoran woman who lives alone with her mother said the capital seemed less safe, but she could not cite any specific event that made her feel this way. She mentioned the feeling to explain why she has not been to see the new American films in town.

Priest in El Salvador Assails Terrorism

The Associated Press

SAN SALVADOR—A Roman Catholic church spokesman has condemned terrorism by both leftist and rightist Salvadorans, telling worshippers on Sunday: "The dignity of our brothers has been stepped on once again."

Monsignor Gregorio Rosa Chavez, auxiliary bishop of San Salvador, noted the death of a young girl killed in cross fire between leftist guerrillas and govern-

ment troops last Tuesday as the rode in a bus with her father, and asked:

"Must not this be called assassination? Must not the burning of an important coffee field be called terrorism? Are not what the death squads do and the abuses of power by members of the army and security forces also terrorism?"

Referring to the guerrilla attack May 8 on Cinquera, northeast of

San Salvador, he said the residents "lived all the inhuman rawness and cruelty of the war."

In the weekly sermon at the Metropolitan Cathedral, Bishop Rosa Chavez also said that 364 persons were killed in the country last week—which would make it one of the bloodiest weeks in the three-and-a-half-year-old civil war. He did not say how many of the victims were civilians and how many were soldiers or guerrillas.

Lo Case Points Up China's System of Contacts

By Richard Bernstein

New York Times Service

NEW YORK—Lo Chengxin, whose 10-year sentence as a spy for the United States was disclosed in Beijing Sunday, was one of several Chinese or Hong Kong journalists and officials who have informal li-

sons to maintain contacts and exchanges with foreigners in Hong Kong.

In that sense, Mr. Lo belonged to a system that includes meetings over lunch and a constant round of cocktail parties and receptions involving foreign diplomats and journalists on the one side and Chinese

presumed to be well-informed of the policies of the Beijing government on the other.

On the Chinese side, those people include editors and journalists, like Mr. Lo, attached to Hong Kong's three pro-Beijing Chinese newspapers. They also include officials of the Hong Kong branch of

the New China News Agency and employees of the Bank of China and other Chinese commercial offices in Hong Kong.

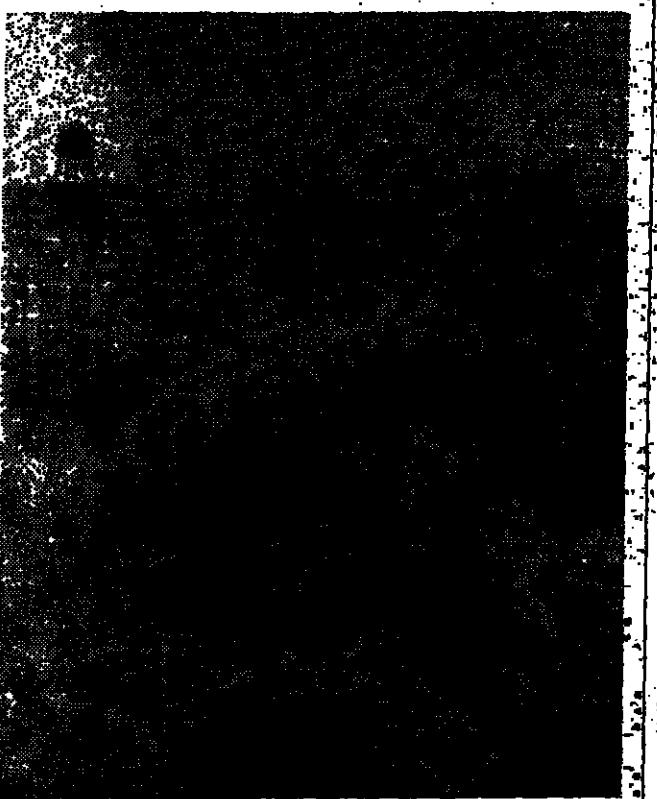
The system of informal contacts and exchanges, still in existence but no longer as important in these days of China's more outgoing foreign policy, seems useful both to the foreigners, including many Americans, and to the Chinese government. Even though the Chinese involved are known not to divulge information that has not already appeared in the official Chinese press, foreigners find the meetings helpful in interpreting Beijing's policies.

Most of the diplomats and journalists assume their meetings with the editors and others are routinely reported to the Beijing authorities, who are interested in gathering information about individual specialists on China and on Western attitudes toward the country. The system of contacts is also widely regarded as part of China's "united front" work, a series of activities by which Beijing builds ties with foreigners and with Chinese outside China proper.

Mr. Lo, though he did not speak English, was a prominent and highly valued participant in this system. It was well-known in Hong Kong that Chinese-speaking diplomats and journalists frequently sought him out. A lively, affable man who spoke with the accents of his native Guangdong, Mr. Lo was regarded as a pragmatic thinker who generally favored a greater political openness in China.



END OF AN ERA—The 53-year-old Madison Hotel in Boston collapsed in a puff of smoke as dynamite charges were detonated in its foundations. The hotel was demolished to make way for a new federal building.



charges were detonated in its foundations. The hotel was demolished to make way for a new federal building.

Vogel Seeks to Revive His Social Democrats

By James M. Markham

New York Times Service

BONN—The 120-year-old Social Democratic Party of Germany is in an unenviable predicament. It lost not only the March 6 election but also the consolation prize of being the sole opposition party in parliament—a role it must now share with an upstart, the anti-nuclear Greens.

And having admirably buried factional differences to fight the election, the Social Democrats now find themselves reuniting over the issue of American missiles. On this subject the siren songs of the Greens are tugging the party to the left, away from the North Atlantic Treaty Organization, and into the street.

The man chosen to rescue the Social Democrats from further debacles and self-destruction is Hans-Jochen Vogel, the Danish, courtly former justice minister who led the party to defeat on March 6. Mr. Vogel, however, has somehow escaped personalized blame for the rout.

Transformed from a candidate for chancellor to leader of the diminished Social Democratic parliamentary group, Mr. Vogel has started the therapy of rebuilding his party with some harsh home truths.

"We are in a quite difficult situation," the Social Democratic leader said in a recent interview. "This was not a backslip—March 6th. It was a defeat."

It was a defeat, he said, foreboded by the erosion of the Social Democrats' holds on state governments and city halls across West Germany, by the loss of influence in state broadcasting authorities, and by the party's inability to articulate the commanding intellectual trends, as it did in the late 1960s and the 1970s with the bold diplomatic opening to Eastern Europe.

"It's impossible to win a federal election if you are losing one city hall after another," said Mr. Vogel, who made his name in politics as the enormously popular mayor of Munich from 1960 to 1972. "I think the party is beginning to realize that."

As the party's first rehabilitative exercise, Mr. Vogel has appropriately set its sights on Munich's city hall, now firmly in the hands of the via's journalists, are Communist conservative Christian Social Un-

ion of Franz Josef Strauss. But that election is a year from now.

Few doubt that Mr. Vogel's prescription for the long haul is apt, but his most immediate challenge is to give the Social Democrats the semblance of a coherent security policy as the date approaches for the stationing of the first U.S. Pershing-2 missiles in West Germany on Dec. 15.

Within the party's conservative wing, tied to the unions, many believe that excessive emphasis was given to the missile question in the campaign, alienating traditional working-class supporters.

But Mr. Vogel, who speaks with feeling of "stopping this murderous, self-destructive arms race," shows little inclination to rein in the Social Democrats' leftward gallop on security matters. Lacking great authority on foreign affairs, he seems content to ride hard on Social Democratic extremists.

At the encouragement of Peter Glotz, the party's manager, several

Social Democrats took part in the Easter marches against the deployment of the new U.S. missiles. The Greens, Communists and others also participated.

In a speech in Duisburg, Oskar Lafontaine, the Saarland leader and a member of the Social Democratic national executive committee, said the Reagan administration was seeking a first-strike capacity against the Soviet Union. He demanded West Germany's withdrawal from NATO.

The Lafontaine episode highlighted the danger for the Social Democrats in trying to outbid the Greens, and Mr. Vogel has since spent a lot of time insisting that his party has no intention of quitting the Atlantic alliance. "I think a majority of our people are skeptical about the deployment of rockets," he said. "But also a majority of our people want to stay loyal to the NATO alliance."

The Social Democrats have so far not officially rejected the stationing of the new missiles in West

Germany, but the groundwork is being laid for such a decision at a special convention in Bad Godesberg on Nov. 2 and 3.

Some pragmatists like Horst Ehmke, the party's foreign affairs specialist, are floating the idea of accepting the deployment of some of the 96 comparatively slow-flying Tomahawk cruise missiles designated for West Germany, but rejecting the swifter Pershing-2s.

But Egon Bahr, the party's arms expert, who was a prominent influence in the election campaign, argues against a limited deployment.

Mr. Vogel said it was too early to predict how his party would resolve the missile issue in November. But other party figures are not as cautious as Mr. Vogel. Mr. Glotz said that if the Greens taller remained stalemated in November, and "if there is more or less the same situation, I am quite sure the Social Democrats will say no, no to deployment."

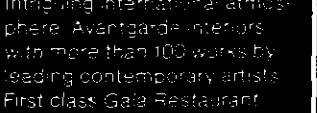
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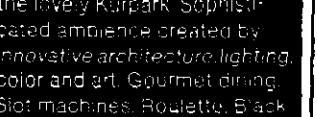
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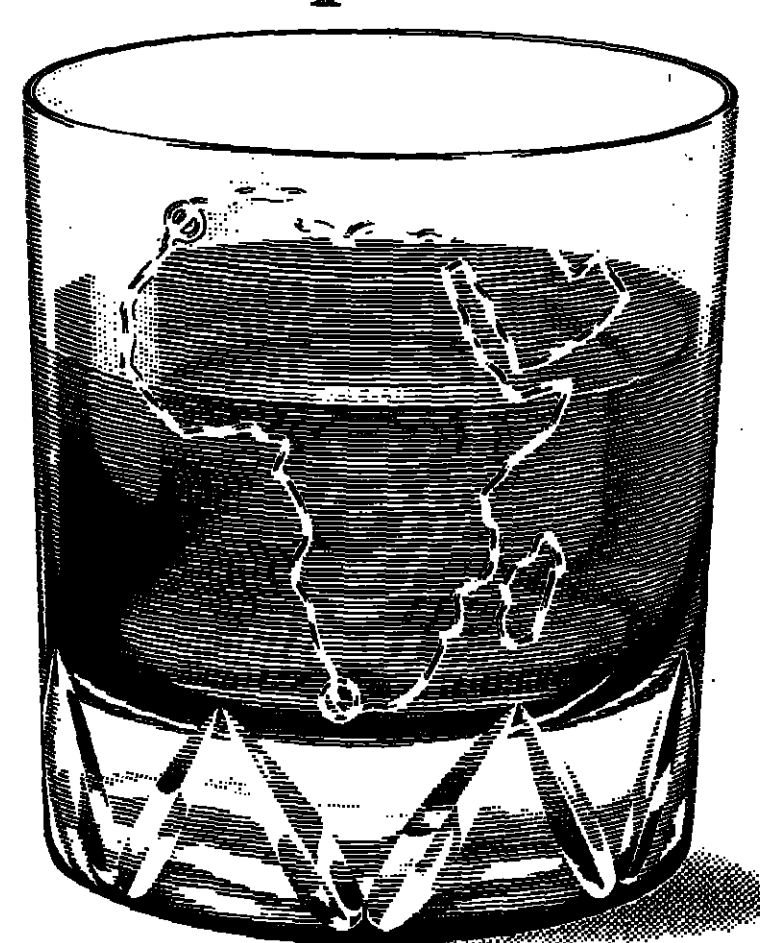


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Editor Resigns In Crackdown on Yugoslav Media

United Press International

BEGRAD—Jozef Vlahovic, the editor in chief of a leading newspaper, has lost his job in a drive by officials to rein control over the media, the Zagreb weekly Danas announced Monday.

Communist officials, or at least those considered hard-liners, have launched a crackdown that has forced the resignation of several editors who refused to follow the local officials' policies.

Danas newsmagazine said its workers counsel on May 11 accepted Mr. Vlahovic's resignation and appointed Zvezko Milec, 59, an editor, to the post of acting editor in chief. Mr. Vlahovic, 53, is a veteran journalist who has worked for Belgrade and Zagreb newspapers.

His resignation came only days after Dragoljub Trajkovic, 58, resigned as editor in chief of the Belgrade Politika newspaper, Yugoslavia's most influential daily.

About 80 percent of Yugoslavia's journalists are Communist Party members.



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Chinese Play Extols Military on Vietnam Front

Some Communist Cadres Chastised for Trying to Keep Their Sons Out of War Zone

By Christopher S. Wren
New York Times Service

BEIJING — A mother asks an old family friend to help get her soldier son transferred from the battlefield. "I only have one son," she pleads over the telephone. "We have done enough for the revolution."

But she is unable to stop him from being sent off to war, where over half of his company gets wiped out. China's enemy this time is Vietnam, and the place is their short but bloody border war in early 1979.

A popular new play, "Wreaths at the Foot of the Mountain," has become the ideological highlight of Beijing's current theater season. It was so well received when first performed in the Manchurian province of Liaoning that the Liaoning People's Art Theater brought it to China's capital in March.

A second drama troupe in Beijing is simultaneously performing the play, which is also being shown on television. A feature-film version is being shot less than a mile from China's tense frontier with Vietnam, incorporating footage from the latest artillery barrages exchanged in March between Chinese and Vietnamese troops.

The play has been adopted from a short novel by Li Cunbao, 37, a writer serving in the army. The novel was acclaimed when it appeared earlier this year in the literary magazine New China Digest. Mr. Li said the novel was based on his interviews with soldiers when he spent four months on the Yunnan front at the time of the border war.

The popularity of the play coincides with the latest round of border clashes, leaving little doubt that Vietnam has been made an authorized artistic target.

Yet the broader message of "Wreaths at the Foot of the Mountain" is that China still needs martyrs. In an essay, Mr. Li explained that he was upset to see the army "disrespected and insulted in public places" and that he wanted to extol its continuing sacrifices.

When he visited the Yunnan front, Mr. Li said, he learned of cases in which "a few leading cadres," or Communist officials, tried to get their sons transferred from combat units, though he tactfully added that most officials behaved very well.

The hero of the play, Zhao Mengshan, is a self-indulgent young man assigned to an infantry unit as a political instructor. He chafes at the Spartan barracks life, wants to get transferred to a comfortable urban billet and displays such character flaws as dancing to disco music, wasting bread and walking around with his tunic unbuttoned.

His sympathetic mother is a prominent health official whose revolutionary background has given her good connections. She agrees to help get him out of the infantry.

But the crusty old division commander rebuffs her. The political instructor, Zhao, apologizes to his men for trying to shirk his duty and accompanies them into Vietnam.

By comparison, Liang Sanxi, the selfless company commander, does not own a watch, rolls his own cigarettes and scrimps to pay back money he borrowed to buy medicine for his fatally ill peasant father, who was persecuted in the Cultural Revolution. He reminds everyone, when a bazooka misfires in the heat of battle, that the defective ammunition was made when radical elements sabotaged the economy.

The company storms the Vietnamese fortifications, and the company commander is killed by shrapnel when he tosses back a

hand grenade hurled by a Vietnamese in hiding. Other casualties in the battle include a cheerful new recruit known to his comrades only by the nickname "Beijing."

Chastened by his baptism of fire, Zhao resists his mother's entreaties to quit the army.

The audience seemed more moved by the sharp exchanges between Zhao's mother and the blunt old general. "It's only natural for me to show concern for my son," she argues. "My son was on the

battlefield. Where was your son during the war?"

"Let's go down to the cemetery," the general suggests sadly, and there he shows her the unmarked grave of his son, who concealed his family connections by using the nickname of "Beijing."

The play ends tidily in the tradition of socialist realism. The political instructor, Zhao, discovers that his company commander's mother was the wet nurse who raised him from infancy. His own mother corrects her selfish maternal attitude.

Although the play presents an ideologically stylized picture of army life, it also provides insights into the 1979 invasion of Vietnam, when Chinese troops are believed to have suffered up to 20,000 casualties.

The novel and play not only take such estimates of heavy losses for granted but also suggest that enthusiasm for the war was less than total, as some officials tried to get their sons safely out of danger.

China Says Hijackers Acted 'Ingeniously'

The Associated Press

BEIJING — China's civil aviation director said Monday the six persons who hijacked a Chinese airliner to South Korea on May 5 "ingeniously" hid their guns in a container that "ordinary people would not imagine." But he said he could not reveal what it was.

Shen Tu, director-general of the Civil Aviation Administration of China, also denied that Chinese pilots put passenger safety second while fighting with hijackers on the plane. At a news conference, he once again demanded that South Korea return the hijackers for punishment in China.

While South Korea has insisted on handling them according to its laws, Mr. Shen said, the two sides agree that "the unlawful seizure of

aircraft is a serious offense threatening the lives of the people, and offenders must be brought to justice and severely punished."

The six hijackers wounded two crewmen when they shot their way into the cockpit of the British-built Trident on a flight from Shenyang to Shanghai. They forced the pilot to fly to South Korea, then said they wanted to go on to Taiwan.

■ Better Relations Seen

Lee Bum Suk, the South Korean foreign minister, said Monday that the agreement between China and South Korea on the repatriation of passengers and crew of the hijacked Chinese jet may lead to the development of relations between the two nations, United Press International reported from Seoul.

Mr. Lee testified before the National Assembly's Foreign Affairs Committee on the return of the 87 passengers and eight crew members May 10 through direct talks between Chinese and South Korean officials.

China and South Korea do not have diplomatic relations.

The repatriation document states that the two countries will similarly cooperate in future emergency cases that may involve the two sides.

"This fact, along with the fact that the negotiations were conducted in a friendly atmosphere and a cooperative spirit, is expected to have favorable effects on developing relations between our two countries in the future," Mr. Lee said.

Arrival of First F-16s Polishes U.S. Image In Skeptical Pakistan

By Tyler Marshall
Los Angeles Times Service

ISLAMABAD, Pakistan — For years, the colorfully painted public buses here have been decorated with pop art, often showing an airliner bearing the markings of Pakistan International Airlines.

"In recent months however, the airlines have given way to another kind of aircraft: labeled F-16. The change reflects the national fascination with the high-performance U.S. fighter-bomber now in use with the Pakistan Air Force.

U.S. stock has gone up sharply here in the last year, and several factors are responsible. For many Pakistanis, though, it is the F-16, one of the most advanced military planes in the world, that shows clearly that Washington's commitment to their country is a serious one.

The F-16 is the centerpiece of the Reagan administration's \$3.2-billion program of military and economic assistance to Pakistan.

The aid package, worked out 18 months ago, signaled a new phase in Washington's long, problem-plagued relationship with Pakistan. For much of last year there was considerable skepticism here about the worth of the agreement, but there has been a visible change of attitude since the arrival this year of the first of 40 promised F-16s.

"There was a lot of doubt when Zia began negotiating with the Americans again, but I think now that people believe he may have done the right thing," a senior European diplomat here said the other day, referring to President Muhammad Zia ul-Haq.

For their part, Americans here are no longer concerned about the possibility of a repetition of the 1979 burning of the U.S. Embassy.

Supplying Pakistan with one of America's most advanced aircraft created considerable controversy, not only in the United States but also in India, Pakistan's adversary in three wars. India's prime minister, Indira Gandhi, charged the United States with escalating the regional arms race.

Still, U.S. officials realized that inclusion of the F-16 in the aid package had become a test of U.S. sincerity here, even though the cost

of the planes accounted for only a quarter of the total package.

In addition to establishing itself in the hearts of bus painters, the F-16 has come into vogue as a standard of excellence. Pakistanis tell of the salesman who, searching for superlatives to describe a kitchen appliance, blurted out that it was the "F-16 of its type."

The beginning of economic assistance and President Zia's visit to Washington in December did not get the public attention the F-16 has attracted, but they have also helped to improve relations between the two countries.

This new mood is more apparent in personal action than in government propaganda. For example, not long ago in Lahore a group of Pakistanis educated in the United States met to revive a Pakistan-American alumni association that had become inactive.

U.S. officials also say there has been good cooperation with the Pakistani government in joint efforts to control the heroin and opium trade along Pakistan's Northwest Frontier. About 60 percent of the heroin reaching the United States comes from the frontier area, either in the form of heroin or as opium to be refined along the way.

The first deliveries of military equipment have benefited President Zia with his most important constituency, the army. The new weapons have also boosted civilian morale in a country that feels threatened from the east by India's superior military strength and from the west by the Soviet forces in Afghanistan.

And President Zia has enhanced his image as an international negotiator by managing to obtain U.S. help without compromising his country's controversial nuclear program.

Four years ago, President Jimmy Carter ordered a cutoff of economic assistance to Pakistan on the ground that it was building a uranium enrichment plant capable of producing material for an atomic bomb. That action, and the sacking of the U.S. Embassy here a few months later, brought relations to a low.

Although relations have improved, U.S. and Pakistani officials alike describe the gains as fragile.

Chiang Denies Taiwanese Secretly Built Atom Bomb

United Press International

TAIPEI — President Chiang Ching-kuo denied Monday that Taiwan has secretly constructed a nuclear bomb with the help of South Africa.

In an interview with the West German magazine, Der Spiegel, released by the government's press office, Mr. Chiang also denied that U.S.-built fighters in the Taiwanese Air Force were equipped with Israeli-built missiles.

"We have the capability [to make nuclear weapons], but will never make nuclear weapons to use against our compatriots on the Chinese mainland," Mr. Chiang said.

He said reports that Taiwan has developed a nuclear bomb either alone or in secret cooperation with South Africa were not true.

"We have no military relations whatsoever" with South Africa,

Mr. Chiang said in response to a question on whether the two countries have jointly developed or produced missiles and planes.

Mr. Chiang also denied that Taiwan has joined Israel in developing and manufacturing weapons.

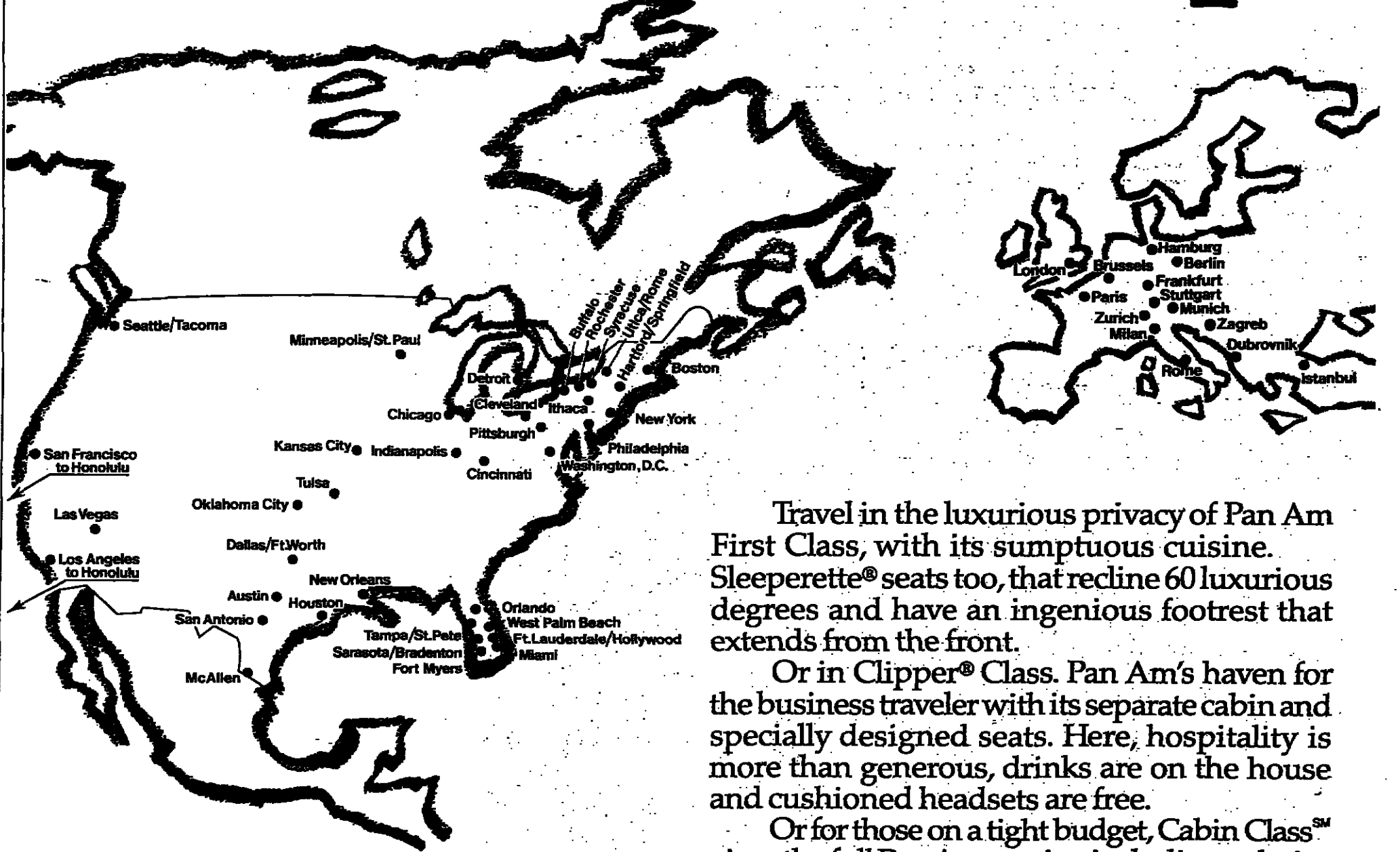
He said it is "absolutely not true" that Taiwan's armed forces are equipped with Israeli weapons or that the U.S.-built fighters had been equipped with Israeli missiles.

"Although our troops are equipped with similar arms, they were not made in Israel," he said.

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Herald Tribune

Published With The New York Times and The Washington Post

Rx for the MX

An authentically national policy on strategic arms may be taking shape. This rare prospect follows from President Ronald Reagan's decision to reverse course and to try to take the politics out of key nuclear questions by submitting them to the consensus-seeking ways of the Scowcroft Commission.

Many in Congress feared that Mr. Reagan would pick and choose among the commission's recommendations and use them simply to renew his earlier single-minded pursuit of the controversial MX missile. But in recent days he has gone far to show he is accepting the commission's recommendations in the compromise spirit in which they were offered. As a result Congress is starting to swallow what it considers the least palatable part of the Scowcroft package, the MX.

Mr. Reagan now agrees to review his position at the START talks with the Russians in order to make it conform with the panel's emphasis on shifting the land-based part of the U.S. nuclear deterrent over time from big multi-warhead missiles to small single-warhead missiles designed to be more secure and less threatening. To this end, he promises to put the single-warhead missile program into high gear, as the Scowcroft panel urged.

In addition Mr. Reagan is showing himself to be open-minded at least to two other promising ideas arising in Congress. The first is to propose to Moscow a negotiated agreement on

a "build-down" — retiring two old nuclear weapons for each new one deployed. Some such formula linking arms control and force modernization has high political and substantive appeal.

The second congressional idea is to set up what is in effect a permanent Scowcroft-type public commission "to provide advice and continuity" on strategic issues, as Mr. Reagan put it last Wednesday in carefully granting "merit" to the idea. The success of the Scowcroft commission, which went out of business with its report, has given powerful impetus to the idea of making such a body a regular part of the Washington furniture.

Mr. Reagan's immediate purpose in making these gestures to Congress and his critics is plain: to win support for the MX, a weapon he continues to regard as vital for both security and bargaining reasons. Even here, however, he has edged back a bit in evident response to congressional and public concern. The figure of 100 MXs is no longer front and center in the president's statements; now he would adjust the level of MX deployment to "Soviet strategic programs and arms reductions agreements." With conciliatory moves like these, it would have been surprising and disappointing, if key committees in both houses of Congress were not going along with him toward the new MX package.

—THE WASHINGTON POST.

Yanqui Strategy

What are the damn Yanquis trying to tell us? You might well ask if you were an embattled Salvadoran democrat.

You know in your bones that the war is going badly, that your army is a loose alliance of decent professionals and murderous warlords. Riding this tiger is an interim president, plainly a decent man, but he owes his office to the military. You wish you believed all that talk about dialogue, but the guerrilla side is just as confused — five insurgent bands, with their own violent intrigues. They are formally led by your former democratic allies, who also are riding a tiger.

You are now supposed to risk your life to talk with whom? And about what? How quick these U.S. liberals are to make themselves feel better by putting strings on the aid they send. But they vote the money anyway so they won't be blamed if the guerrillas win. It is a pretty obvious game to demand that the president certify reform, human rights and now peace

talks; they know the Reagan people will certainly try to keep the dollars flowing.

How nice, then, if the Reagan team knew what it was doing. But what was it one of them said? Something like, "El Salvador won't be lost on this president's watch." Everyone up to the neck in the war, wants to look good, then let the next crowd cope.

And what is it their politics demands? Don't "lose" El Salvador and don't get involved in another Vietnam. No loss, no win.

The American commitment is threadbare and so is the American advice. Liberals preach negotiations, conservatives preach free elections. Neither group has much regard for the formidable obstacles to success.

You can only conclude that El Salvador will not be saved, or lost, in Washington. The outcome really depends on the grit and determination of embattled democrats like yourself.

And you would be right.

—THE NEW YORK TIMES.

Exchange Rates

Nobody likes the way the currency exchange rates are working. Currencies swing wildly up and down against each other, distorting the prices of goods and skewing the patterns of world trade. The French government has a particularly strong grievance, for ever since the Socialists came to power two years ago, the exchange rate of the franc has been sinking steadily. But it is not only French politicians who complain. Traders and manufacturers in every country want urgently to know what their foreign earnings — and their foreign competitors' prices — are going to be.

Unfortunately there is no technical fix that can produce stable rates. Governments, after all, did not abandon the old system voluntarily. They used to keep their currencies at par values against each other, with relatively infrequent changes. That was the Bretton Woods regime, so attractive in retrospect. But the rise in international trade and investment in the 1960s created flows of money that could easily knock over the dikes that the par value system tried to maintain. When a surge of money began to run out of one currency into another, governments tried to neutralize it by making offsetting sales and purchases of those currencies. By the early 1970s, those attempts at stabilization were failing regularly.

In those years, foreign exchange bought and sold in New York probably amounted to several billion dollars a day. By 1980, when the

New York Federal Reserve Bank last measured it, the flow was over \$15 billion a day. By last year it was apparently around \$30 billion. Currently, with declining inflation, it seems to have dropped to about \$25 billion a day. We might note that \$25 billion every business day is roughly twice the GNP of the United States. To be sure, that figure counts money moving both in and out of the dollar; much of it is money constantly on the move, washing restlessly back and forth in search of speculative advantage. Against those amounts of money, no government has the resources to defend artificial rates.

But that drop in the flow over the past year is a clue to the formula for stability. Exchange rates will hold firm between two countries only as long as their economies are run in close coordination. The French franc will continue to fall as long as the French inflation rate is twice as high as its neighbors'. The American dollar will continue to rise, as long as American interest rates remain abnormally high, damaging American exports, as long as American interest rates remain abnormally high. In practice, as experience even in the highly integrated European Community has shown, it is very difficult for countries with differing political traditions to coordinate economic policy. But the principle is clear: Stable economies produce stable exchange rates, not the other way around.

—THE WASHINGTON POST.

Other Opinion

On Galileo

Despite an admission of error some 350 years ago the Vatican's apology to Galileo has so far been less than handsome, and the pope's new prescription for avoiding future conflicts — that there must be a separation between science and the "essentials of faith" — will not help matters.

Perhaps as many people have arrived at a faith in this generation through science as by any other route, and at the hard edge of physics

and biochemistry that process goes on.

Of course what the new breed of theists subscribe to may not be a specifically Christian or — within Christianity — Roman Catholic, doctrinal view. But it will never be far removed from the Christian ethic as expressed in the Pauline text "We are members one of another," or the Old Testament ethic in which first physical and then biological processes work their way toward the maturity of man and his unity with a godhead.

—The Guardian (London).

FROM OUR MAY 17 PAGES, 75 AND 50 YEARS AGO

1908: A London Sensation

LONDON — Quite a sensation was caused among a crowd of riders in Rotten Row by the appearance of a horseman attired in the costume of the days of the Directorate — a startling revival of which recently led to a heated controversy in Paris — in their midst. The cream broadcloth dress, cut to fit tight to the figure, was slashed on the left side to the knee, and under it the rider wore white tights and long white boots. Park officials were in a quandary as to whether the matter called for their interference. One horseman who turned to look at her came into violent collision with Mr. Winston Churchill's horse but managed to save himself by throwing both arms around his animal's neck.

1933: U.S. Racks Disarmament

WASHINGTON — President Roosevelt, with dramatic suddenness [yesterday] stepped into the international arena as a peace-maker by addressing a strongly worded message to the heads of 54 nations, calling upon them to sweep aside petty political and economic bickering, to abandon immediately all offensive weapons as a step toward complete disarmament and to unite for peace under a new non-aggression pact. Disregarding international precedent and cutting through red tape, the president addressed his plea to the sovereigns and presidents of the nations of the world, including Josef Stalin, head of the Soviet government, with whom the United States has no diplomatic relations.

Why U.S. Congress Must Write Budget

By Rudolph Penner

WASHINGTON — There is nothing like an economic recovery to make life more pleasant for our politicians, and it seems as though a healthy recovery is upon us. Certainly the pain associated with our long, and so far successful, struggle against inflation is no longer intensifying.

Reflecting the optimistic outlook, the stock market has soared in recent months. But there are problems. Interest rates remain at unconscionable levels; Third World debt remains dangerously high; and there is always the danger that the recovery will accelerate into an inflationary boom or, conversely, that it will fall flat on its face. However, discussions of such problems have become boring and are commanding less space in newspapers than they did just a few months earlier.

The most boring problem of all seems to be the federal deficit. After endless discussions of the problem that it will cause, it is ballooning. There seems to be more consternation than it broke through the magic \$100 billion barrier than there is as we go zooming past \$200 billion. But Wall Street's obsession with the problem has waned as the Dow Jones average has soared.

Yet the outcome of the current debate in the Senate over the future course of the deficit is likely to have an impact on the United States' standard of living for decades to come. Why is there not more of a sense of urgency over a deficit that currently absorbs an inordinate proportion of the nation's net national savings?

The main reason is that there is no solution to the problem that does not impose pain on someone and there is no national consensus as to who should bear that pain. As long as the recovery is proceeding satisfactorily and making the problem caused by the deficit, it is hard to

convince politicians that they should beat themselves over the head by imposing major tax increases in spending cuts.

Economists bear some of the blame for the nonchalance over deficits. Some have issued shrill warnings about the deficit "abhorring the recovery." As the recovery goes on longer and longer, such arguments lose more and more credibility and people begin to think that deficits are not too bad after all.

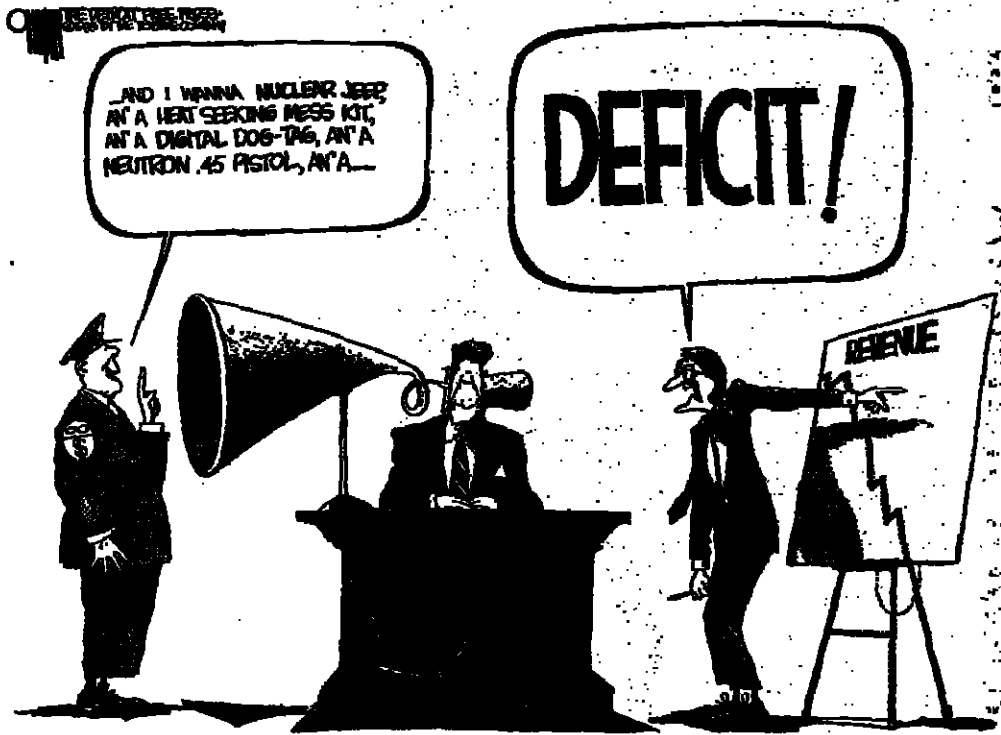
While it is possible to concoct scenarios in which a recovery is aborted by an overly large deficit, I think them unlikely. The more likely problems caused by deficits evolve slowly and are therefore not very noticeable. This does not, however, make them any less serious.

The most serious problem caused by the deficit is quite familiar. As the federal government absorbs a larger portion of the United States' national savings, less is left over to finance business capital-formation and housing. The resulting intensification of the demand for credit raises real interest rates.

The effect of interest rates is muted to the extent that the United States can borrow from abroad. But as foreigners use their pounds, francs and marks to buy U.S. dollars in order to purchase securities, the value of the U.S. dollar rises. Less domestic investment is crowded out but our exporters find it harder to compete abroad and our domestic industries find it harder to compete with imports.

In other words, our current trade problems are intimately linked to our budget deficit problem and that linkage does not receive the attention it deserves.

The more obvious problem is caused by the interest bill on the new debt created by huge deficits. Between 1982 and 1985 the debt in the hands of private investors is like-



Reagan's hearing problem.

ly to grow by about 20 percent per year. With constant interest rates the interest bill would also grow about 20 percent per year, but this problem is hidden in the official budget projections of the Congress by the assumption that interest rates will fall significantly below current level. This may happen but if it does not the budget outlook darkens.

There is a long-run danger that the situation will get out of hand as we borrow to pay interest and then borrow to pay interest on that interest and so on. At some point the interest bill explodes and there may be little choice but to get out from under the problem by purposefully following inflationary policies. In that way, the real value of the old outstanding debt and the associated interest where it can be reduced in real terms.

Despite such dangers the participants in the budget debate are attacking low priorities to deficit reduction. The president is convinced that the evils of the deficit are not as

great as the evils of tax increases or military spending cuts. The Democratic-controlled House of Representatives voted for higher taxes and lower military spending, and thus proposed a lower deficit than the president, but additions to non-defense programs partially offset their other deficit-reducing measures. The Senate is still working on its resolution.

It is quite possible, however, that the whole congressional budget process will collapse. That could occur for a variety of reasons. It may prove impossible for the Senate to pass any budget resolution at all, because of the disarray among Senate Republicans. Alternatively, a budget may pass the Senate initially, but the compromise reached in conference may fail to pass either the House or the Senate. Lastly, a resolution may eventually pass, but the individual committees of the Congress may fail to abide by the resolution spending and revenue target.

The current congressional budget

process is not perfect, but it has added considerable rationality to budget debates and that it has somewhat constrained the budget outcome. If it collapses, the Congress could end up contemplating a liberal spending policy with the conservative tax policy. As a result, we could crash through the \$300 billion deficit barrier by the late 1980s as easily as we earlier smashed the \$100 billion and the \$200 billion barriers.

In other words, the stakes in the present Senate debate are tremendous. It is one of those rare instances in which almost any solution is better than no solution. The presence of an economic recovery should not lull us into thinking that everything will turn out fine. We have to start worrying about how the world is going to look in 1990.

The author is a resident scholar and director of fiscal-policy studies at the American Enterprise Institute. He contributed the commentary to the Los Angeles Times.

Hitler Diaries Could Have Taught Valuable Lesson

By Flora Lewis

NEW YORK — In a way, it's a shame that the hoax of the Hitler diaries was so quickly exposed and that the central question discussed is the greedy and arrogant motive for perpetrating it.

It would have been useful and important to focus attention once again on Hitler the man. Besides, West German officials found that large portions of the purported diaries were lifted directly from a 20-year-old book that compiled Hitler's speeches and statements, so at least that much of the text was authentic, if plagiarized.

Public exposure to the record once more would be important as well. To people born after the Second World War, Hitler was becoming a myth,

less and less credible. Even those who heard his rasping shouts on the radio and saw him strut in contemporary newsreels find it hard now to believe he could have been taken seriously. The comic figure of Charlie Chaplin's satire "The Great Dictator" seems so much more likely. Why didn't Germans and the rest of the world laugh him down instead of marching or trembling at his barks?

The point is that they didn't. Hitler existed. He believed in his doctrine of a master race. He wanted war. He wanted to remake the world in his sinister vision. He approved of murder and torture and he made it happen. He provoked a nightmare, but

he was no figment of a monstrous imagination. He was a real human being capable of infinite evil.

That fact cannot be too often repeated or well remembered. It took the late Hannah Arendt to point out the banality, the ordinary humanity of the evil. Demonic legend tends to obscure it, to wrap it in symbols of unreality so that it can be shrugged off with a shiver, like a horror movie.

But evil is among us, probably all of us to some extent and in some of us to a great extent. It is not always so easy to recognize. It can be terrifyingly easy to disguise with ringing rhetoric, with appeals to pride and thirst for vengeance. The human lust

for violence and the urge to prevail by force has not abated, but has only been checked on the ultimate scale by the awe of nuclear apocalypses. It is as well to be reminded by a refresher course in Hitler the man how fragile the balance is between human capacities for good and ill. The enigma of a nation that produced some of the greatest achievements of civilization falling under the spell of such a man may never be resolved.

But it did happen, which means the possibility exists anywhere and resistance must always be renewed with all the forces that enlightenment and the moral sense can summon.

Some of the circumstances that led Germans — and not only Germans, there were Nazi sympathizers throughout the world — to support Hitler are clear enough. There was humiliation after defeat. There was depression, widespread unemployment, inflation that robbed people of what they had thought they could take for granted. There was a search for scapegoats, a surge of the racism that is endemic everywhere, in the bewilderment of losses people could not explain through their own mistakes.

And there was, for the first time, a technology of mass communication and of weaponry for mass repression and war that could focus these grievances, as a laser focuses light into an overwhelming power.

There are still grievances in many places, and there is now a technology of far more force. The main barrier to another Hitler somewhere else is the awareness that a Hitler is possible.

The enormity of the systematic massacre of Jews in the Holocaust has diverted attention from the rest of the Hitlerian enterprise. But it was only one aspect of the doctrine, the element of the ambition to dominate.

They have to be read with care, however. Hitler needed war not only because he wanted to win but also because he believed in combat as a virtue to toughen and exalt a nation. No group in Europe, East or West, now believes that war can ennoble, though some are not so sure that all Americans share their conviction. The call for peace now is not the same as the policy of appeasement in the late 1930s that exposed that Hitler's demands could be satisfied.

The world was permanently changed as a result of the war launched by Hitler and his allies. In many ways it was for worse, but in some ways for the better, especially in the creation of international institutions to enable states to cooperate and in the recognition of interdependence for security and prosperity. Those lessons, too, need renewal in a period when unrelenting of the horrible way they had to be learned has dimmed. Whatever the ostensible diaries have to say, we know what happened, and it is salutary to reflect upon it once again.

The New York Times.

Birthrate Trends May Signal Key World Shifts

By Ben Wattenberg

WASHINGTON — Welcome to the world of "Sublim." It is our world.

"Sublim" is Malthus spelled backward. It was the Rev. Thomas Malthus, you will recall, who popularized the sad idea that human population tends to grow in geometric fashion.

He was surely right: when population grows at a constant rate it does indeed grow geometrically. Consider a husband and wife who have four children. All the children survive to adulthood and each of them produce four children. All of the ensuing children do the same. By the fifth generation, at that rate, the original couple will have 1,024 descendants.

But what Malthus did not stress is that if population decreases, it also decreases geometrically. Consider the situation of 1,024 husbands and wives. In this example, each couple has only one child — not four. After five generations there will be only 32 new potential parents left.

We have lived through an era when we thought only about the Malthusian upside. That is what "the population explosion" and "the baby boom" was all about, with major implications regarding energy, environment, food, resources and poverty. But, we are now entering an era where the focus — at least for the industrial nations — must shift to the Malthusian down-side.

It is not a trivial matter. Look at West Germany. It is the first nation in history that is losing population because its people are not having enough babies.

A recent study by Carl Haub, a demographer at the Population Reference Bureau, shows how negative geometry works. If current low fertility rates should continue in West Germany the population will shrink, slowly at first, from today's 62 million

to about 52 million at the turn of the century. By the middle of the next century the population will decline to about 40 million and then sink with a rush down to about 9 million by the end of the 21st century. To get preposterous about it, at current rates, the number of Germans would go down to about a quarter of a million by the year 2500.

All this happens because the German fertility rate is "below replacement." In a modern society it takes about 2.1 children per woman to reproduce the population. The German "total fertility rate," or TFR, is now about 1.5 children per woman. In the words of "Sublim" that means a downward spiral, unless checked by immigration or an increased fertility rate.

What is so important about all of this is that the Germans are not alone by any means. Although there are differences in timing and degree, just about every nation in the industrial world is in the same reverse-Malthusian situation. That includes the United States. The U.S. population will grow for a while, but its TFR is 1.9 children per woman, well below replacement. The British are at 1.9; the Canadians are at 1.8; the Swedish are at 1.7; the Japanese are at 1.5.

Such a population implosion is not in itself necessarily bad; the argument is made that fewer people in the world might make some of our problems simpler. What is discomfiting about it is that it is not happening everywhere. Although their rates are coming down, the less-developed countries still have high fertility rates, more than twice as high as the developed world — 4.6 children per woman.

Try this projection on for size. Today, people in the less-developed countries outnumber the industrialized nations by about 2 to 1. By the end of the next century, according to the United Nations' "medium" series of projections (which include a decline in less-developed countries fertility), that ratio will go to about 18 to 1. At that time, there will be 9 billion people in the less-developed countries. Mr. Haub estimates that at the same time, unless they begin serious parenting, there will be only 500 million in the industrialized world.

Should these projections come true, the implications are staggering. This is so economically, racially, culturally and geopolitically. In brief: the nations that are today rich, technological — and mostly liberal and democratic — will shrink in every way. And shrink. And shrink. Geometrically.

What will the world be like as massive labor shortages hit the industrial world? Will democratic values survive in a world where the currently democratic nations become a tiny minority? Might there be turbulence about changing racial balances?

Of course, projections are not predictions. All this could change if birth rates go up in the Western world. Sooner or later that will happen, because it must. The only trouble is that reversing a Malthusian spiral — up or down — takes a long, long time. Until it happens, and while it happens, the nature of the planet changes, perhaps permanently. Welcome to the problems of the world of "Sublim."

The author is a senior fellow at the American Enterprise Institute.

United Feature Syndicate.

Letter: Voters Reject Ambiguity

From Hans O. Staub in Zurich

ZURICH — "No one deserves freedom who does not make use of it." Whoever coined that wise dictum was certainly not Swiss, at least not one living in this century.

The citizens of Switzerland are free to vote for or against whatever is important in their civic life: the new look of a police station, the teacher at the public school, widening of a village road, who sits in the parliament at the different levels. An average Swiss should theoretically go to the polls at least six times per year. But he does not.

In the recent elections for a regional parliament in the canton of Zurich, only 38 percent of the electorate found it necessary to show up at the town hall on Saturday evening or Sunday morning to vote. And the turnout for the federal parliamentary elections due this fall will probably not be much better.

Swiss freedoms include the freedom to vote or not to vote. No political group is handicapped. Socialists and liberals, leftists and rightists share the privilege of membership in the silent (or indifferent) majority.

So it is that a minority always decides the fate of the country. The Swiss have lived for decades with this fact, and in no way upset about it. Still, it is not an easy task for leaders of political parties to grasp the minority's mood. There are a lot of surprises.

In traditionally conservative central Switzerland recently, to cite one example, the extreme left suddenly won a small but quite unexpected number of seats in the cantonal parliament.

Socialists have suffered heavy losses at the hands of small new "alternative" groups, factions in opposition to the establishment, environmentalists, candidates who care about the dangers of nuclear power plants and toxic waste. The case of the 41 barrels of poisonous dioxin lost somewhere in Europe — a case with its origins in the Swiss-owned firm of Hoffmann-La Roche — has certainly influenced election outcomes. Is Switzerland, too, discovering the "Greens"? Or is it only following the general European trend toward political polarization?

"The people want a clear yes or no to complicated questions. They do not care any more about sophisticated compromises," said a leftist leader. The truth is that the electorate is fed up with ambiguity.

Swiss Social Democrats have to admit their party has committed blunders very similar to those of their West German counterparts. They wanted to integrate all kinds of marginal groups, and they lost not only them but also part of their traditional electorate.

The citizens of the Swiss Confederation, hard-boiled republicans, adore kings and other royal highnesses, and love to receive them. Lady Di and Prince William cover dozens of hand-drawn colored magazine pages in this country — even more than in some other parts of the world.

The writer is editor of *Weltwoche*, the Swiss news weekly. He contributed this column to the *International Herald Tribune*.

LETTERS TO THE EDITOR

Cambodia's Condition

Regarding "Another Parallel" (Letter, April 30):

It is certainly true that Hitler and Stalin divided Poland between them, that Hitler pressed on and forced war upon the world in the late '30s. Poland was crushed once again when the Soviet Army occupied half of Europe in 1945. But this has got nothing to do with Indochina the way it was outlined by C.J. Collier. In 1975 when the Americans and Lon Nol were kicked out by the Kampuchean peasants, the country had been bombed out. The new government took control of this starving nation. They evacuated Phnom Penh, yes, returning tens of thousands of peasants to their rice fields. In three years of hectic and determined reconstruction, the Kampuchians managed to rid themselves of the worst wounds of the war, including famine.

Nevertheless, Kampuchea was persistently and more and more violently infiltrated by the Vietnamese who want no independent, nonaligned Kampuchea but rather an Indochina federation. The Vietnamese finally installed their "federalist" government in 1979, remaining there only because of the support of 200,000

Vietnamese troops guided by Russian advisers.

If there is an analogy it is to be found in the way the Soviet Union invades (directly or through proxies) and intimidates other nations. If you doubt that, ask the Afghan peasants.

WALTER JUTUL HANSEN, Svendborg, Denmark.

Pandas' Courtship

Regarding "After 7-year Courtship Zoo Pandas Finally Mate" (IFT, March 21):

There was a haunting sense of familiarity about the visage of Ling-Ling who roared "after a successful encounter with her mate." Perhaps she feels that this is a kind of world in which to raise her pandas, what with all the gum that she shared her page. Or perhaps she remembers Edna St. Vincent Millay's lusty dinosaur who at midnight "dropped his dung upon the blazing dew" and in the afternoon bid his mate to "hold aside her heavy tail... and heard the seed content roar in her womb."

RICHARD RALEIGH, El Escorial, Spain.

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ARTS / LEISURE

How Albert Finney Became the Pope

By Monica Emmer
International Herald Tribune

GRAZ, Austria — This Austrian provincial capital and Krakow are miles apart — so, one might think, are Albert Finney and John Paul II. But they all come together in a new film production order way here. The streets of Graz have been converted to look like Krakow after the World War II, for the first movie ever made about the life of a living pontiff — all with papal blessing.

"Johannes Paulus II," the film's working title, was to have been shot on location in Zagreb, but after several months of preparation, the Anglo-American crew was thrown out of Yugoslavia, allegedly because the government suddenly found the script politically embarrassing. Amid rumors that the New York archdiocese had invested money in a production that would inevitably turn out to be a propaganda film for the Roman Catholic Church, the film's executive producer, Alvin Cooperman, moved his cast and cinematic baggage over the border into Austria last month to begin delayed shooting of his three-hour film, budgeted for \$4.5 million.

"This is not a documentary," Cooperman is quick to point out over drinks in his hotel lobby, where he prefers to meet all visitors, since he has ordered that no one be allowed on the set. "It is a dramatization I created four years ago. I had an idea to do a series of specials called 'The Pope,' and we decided to do this one first — which is the story of a hero."

Cooperman, who has had a private audience with the pope and who has already shot considerable footage inside the Vatican, is the former director of Madison Square Garden and the producer of the successful TV series, "The Untouchables." To make sure his script is "immaculately accurate," he got two priests from the staff of Cardinal Terence Cooke, the archbishop of New York, to offer suggestions that would "make it sail beyond perfection," as it takes Karol Wojtyla through 30 years of his life in Poland, up to the point where he is elected to the throne of St. Peter.

The unfinished, unpublished film has been sold in Australia, Canada, Italy and several South



Finney on location in Graz, Austria.

American countries and will be shown in the United States on the CBS network at the end of this year. Eventually videotape copies will go on sale in shops in those countries where most of the world's 700 million Roman Catholics live.

Playing the Wojtyla role during his adult years, Finney — who is best known for his roles as Martin Luther in the Broadway play, for the lead in "Tom Jones," which won an Oscar in 1963, and for Hercule Poirot in "Murder on the Orient Express" — is doing one of the toughest parts of his career. He must project the image of a celebrated, charismatic personality the world already knows through television and personal appearances. Finney himself has not met John Paul.

"I think," he says, "that by the end of the film when I'm playing him, as the pope — which is a very brief section just at the time he's made pope — I hope at that moment I can act like him well enough so that the audience will recognize the silhouette and the carriage of this man. Before he became pope, Karol Wojtyla wasn't known in the world as well as he is

obviously known today. So although in portraying him, I think about and develop certain characteristics, it's very important that they come through my own body and my own figure, the way I move and carry myself."

The film only covers Wojtyla's relationship with a young actress, his days as a manual laborer, as a writer, as an amateur actor and as a devotee of sports like soccer and canoeing, but, in one of the most telling scenes, it also brings the man's youthful character to the fore. Translated from the original Polish and included in the script by the author, Christopher Knopf, is Karol Wojtyla's valedictory speech when graduating from high school. Written in his late teens, the words today seem prophetic:

"It is a man's actions, his conscious acting, which we are considering today on becoming men, that make him what and who he actually is. When we search deep into the integral structure of moral conduct, we find in it the proper moment of freedom. Freedom is not only a moment, it is a condi-

tion of happiness. It forms the root factor of man's becoming good or bad by his actions. To deprive man of his freedom is to endanger his happiness. Therefore, freedom becomes the root factor of human morality."

In the film these lines are delivered by the British actor Michael Crompton, 23, who plays Wojtyla from the age of 19 to 27, whereas Finney, who was born in 1936, does Wojtyla from the age of 28. Crompton, who last worked with Richard Burton in "The Abolition," and who, like Finney, is a member of the Church of England, says Wojtyla's life is an unbelievable narration of the conflicts that beset him — "going through the war, persons disappearing, and all the people around him dying."

"You can understand that the only solid thing in Poland was the church. That kind of stability had been lacking in his life. And that's what I'm aiming for. I don't know I'm going to become pope. I'm playing a young man who is living in difficult times and who is surviving to be better. I need to decide now best I can give to other people and that decision turns out to be to follow God."

The film is directed by Herbert Wise, an Austrian-born British subject, who did the highly acclaimed television series "I, Claudius," and who has stage-directed numerous operas. He's shooting the scenes in such a way that on a given day Finney has to switch back and forth in age — from cardinal to bishop to archbishop and back again to a priest, finding himself 58 years old in the morning, 31 in the afternoon and as likely as not, around age 40 in the evening.

By the end of the day, Wise recognizes that Finney, given the tremendous physical and psychological demands being made on him to do justice to a living personality and to the subtle aspects of priestly behavior that are not in the script, is glad to call it quits when the shooting is done.

As one of Wise's assistant directors puts it: "Finney is one of the finest actors alive today, and he's holding up strong, leading this double life day by day in front of the camera. From what I see each day, most of the set workers think the real pope, himself a sometime actor, couldn't do a better job."

Politics Also Makes the Film Scene at Cannes

By E.J. Dionne Jr.
New York Times Service

CANNES, France — A Hungarian film director named Zoltan Korda-Kovacs spent a good deal of time at a Cannes Film Festival news conference the other day fencing with reporters who pressed him on the political import of his film, "Forbidden Relations."

The film, which is competing for a festival prize, is about a love affair between a man and a woman who are half-siblings. Not surprisingly, their incest makes the people of their little village uncomfortable. But it is the government that eventually intervenes, first sending the man and then both the man and the woman to jail for their crime against the state and against tradition. This, however, does not deter them; they have one child and then another, even though the second will lead to the new jail term.

"The film is very much on the side of the incestuous couple and very much against the state's effort to impose social morality on them. It is a powerful individualistic and libertarian statement."

But Korda-Kovacs persistently refused to say he was doing anything political. "It's not political, in the sense that we conceive of the word political in Hungary," he insisted. When asked "what that meant," Korda-Kovacs smiled coyly. "After a little more dodging, he finally blurted out: 'If you force me, I say that I am on the side of the individuals.'"

The exchange was partly about a talented filmmaker trying not to slip too far outside the political orthodoxy of his homeland. But it also revealed something very important about the 11-day celebration of film now going on in this

tensely resort town: much of what happens here is — in many senses of the word — political.

The politics takes many forms. For some people, the sheer power of the American film industry — its presence here was likened by one observer to that of a "bulldozer" — means that images of the United States, and American images of the world, become the cultural common currency. The maxim of John Foster Dulles, the former U.S. secretary of state, has been repeated here more than once: "The true arm of foreign policy," said Dulles, "is culture."

The flip side is that other countries want to get in on the game. Take the Soviet Union, for example. The Soviet entry in the Cannes competition, "Station for Two," is the story of two people who fall in love because a man gets stranded in a train station. The movie portrays certain aspects of Soviet life — notably the bureaucratic inefficiency and the existence of black markets — in rather scabrous terms.

But the love affair itself is heartwarming, and overall, the Soviet people come off as nice folk. That, said an official of the Soviet film export agency, is no accident. "We are trying," he said, "to give people a more accurate and more favorable view of Soviet life than they often get." Another Soviet official said that this goal "is more important to us than making money."

A similar logic operates for Third World countries, who have at Cannes a rare opportunity to sell their films to the representatives of

the world market gathered here in force. Developing countries often complain that no-one in the West pays much attention to their cinema, and one of the movies selected for notice by the festival is "Africa Images," a look at 20 years of African cinema.

Férid Boughedir, a Tunisian filmmaker, said that "Africa Images" was his attempt "to share the interest and love that I feel toward the great works of African cinema, which are, in my opinion, unjustly unknown."

This does not mean that everything here is political (though a Soviet filmmaker argued that "The King of Comedy" is up for a prize — noted that it was George Orwell who showed in "1984" that making love could be the ultimate act of assertion against tyranny, usually because tyrannies impose the most rigid restrictions on lovemaking).

But Paul D. Zimmerman, a former film critic turned screenwriter, is here because his first movie, "The King of Comedy," is up for a prize — noted that it was George Orwell who showed in "1984" that making love could be the ultimate act of assertion against tyranny, usually because tyrannies impose the most rigid restrictions on lovemaking.

"In totalitarian regimes, every time you make love, it becomes a blow against the state," he said. "It's an assertion of individuality against government control."

Those who like their politics a little less metaphysical also have much to choose from, both in the festival's official program and in the scores of films being shown unofficially.

One film that has gained some attention is "Utu" by Geoff Murphy, a director from New Zealand. It is the story of a massacre at a village in New Zealand by colonial troops and the insurance of the natives. The movie is quite bloody; the message basically anticolonial. But the guerrilla leader is recognizable to 20th-century audiences: he is given to the Bible, Shakespeare and brutality.

There is also the well-received documentary by the French photographer and filmmaker Raymond Depardon, "Fais Divers." Depardon followed Paris policemen around for three months, and his film is a look, through the eyes of policemen whom he comes to like, at what Depardon calls "the urban sickness."

Also evident is a fair share of U.S. protest films. The festival will close with John Badham's "War Games," which is not in competition but which is likely to get a favorable hearing from many in Europe as an attack on the technology of nuclear war. It combines a love story and a fascination with video games — two aspects that its producers hope will endear it to Americans — with an anti-nuclear-war message that its producers hope will endear it to Europeans.

And one film whose backers are trying to sell here, "The Day After," starring Jason Robards, is about what happens when a nuclear war starts over a confrontation in Berlin. It is scheduled for release in October or November — just the time when the U.S. cruise and Pershing missiles are scheduled to be placed in Europe.

A Memorable 'Manon Lescaut'

By Henry Pleasants
International Herald Tribune

LONDON — American opera-goers with long memories have a special place in their hearts for Puccini's "Manon Lescaut," firmly established there by Frances Alda in the title role, Beniamino Gigli as Des Grieux and Tullio Serafin as the conductor in the Met production of the late '20s.

That special place is rewarded in the new production at the Royal Opera, Covent Garden, and a new special place provided for it in the hearts of those with shorter memories, most notably by Plácido Domingo's Des Grieux, gloriously sung and elegantly acted, and by the account of Puccini's lustrous score by the Royal Opera orchestra under Giuseppe Sinopoli, the latter making a memorable Covent Garden debut.

This is not, to be sure, a truly new production. What was to have been a new production by Piero Faggoni fell through when it turned out that his sets could not be fitted to the Covent Garden stage. What we have is a Götz Friedrich production, with designs by Günther Schneider-Siemssen, borrowed at pretty much the last minute from Hamburg. And a handsome production it is, mercifully free of familiar Friedrichian eccentricity.

But in "Manon Lescaut" it is not the production that matters, but the singing and the orchestra, and here we have what the doctor and Puccini ordered, not only from Domingo and Sinopoli, but also from Thomas Allen as Lescaut and Forbes Robinson as Geronte. Only Kiri Te Kanawa, taking the title role for the first time, disappoints. Dame Kiri is a very pretty Manon, of course, but despite obvious dedication to her task, she seems not to have found the role congenial, either dramatically or vocally.

Comparing Domingo to what I remember of Gigli, I find his Des Grieux dramatically superior and just as well sung, in terms of musicianship even better. Gigli had the more beautiful, the more ample and

more individual voice. But Domingo's Des Grieux takes its place alongside Gigli's in the memory book.

"Manon Lescaut," dating from 1893, and Puccini's first successful opera, has survived fitfully on the fringes of the standard repertoire, handicapped by a libretto inferior to that of Massenet's "Manon," but sustained by what its fine set pieces offer to the right singers and its instrumentation to the right orchestra and conductor.

If Prokofiev's "The Gambler," newly produced in English by the English National Opera at the Coliseum, has hardly survived even on the fringe of the standard repertoire, it is because Prokofiev forgot, or rejected, what it is that keeps "Manon Lescaut" intermittently alive: singer and song.

Like Poulenc's "The Carmelites," which preceded "The Gambler" in the ENO repertoire, it looks too exclusively to the orchestra for dramatic articulation and characterization, and that is a course satisfactory only to those who think of opera in orchestral rather than vocal terms. It has no arias, no set pieces, no proper ensembles. The continuity is closer to conversation than to song, which is disastrous when the words do not come through or over Prokofiev's ingenious orchestral score.

David Pountney's production, originally mounted in Amsterdam, is, however, far superior to his recent "Queen of Spades" and "Russalka," and there are admirable performances by Graham Clark in the title role (he was also Tchaikovsky's gambler) and by Sally Burgess and Jean Rigby in the female leads, and a notably successful ENO debut by the Romanian-American Christian Badea as the conductor. Still, "The Gambler" is a long time getting to the casino.

Further performances of "Manon Lescaut" May 17 and 18; of "The Gambler" May 18. The ENO London season ends May 21.

Opera Eased for Blind

By Charles Goldsmith
United Press International

PITTSBURGH — Blind opera-goers enjoyed what was billed as the first Braille guide to a live opera, produced by the woman who made a Braille movie guide for "The Pirates of Penzance."

The Braille opera guide was made for a live stage production of "Pirates" produced by the Pittsburgh Savoyards, a group dedicated to performing Gilbert and Sullivan works. Both guides contain descriptions of the sets.

"This is the first time a Braille guide has been prepared for live performance of opera anywhere in the world," said Harvey Meisner, president of the Savoyards group.

"We have also prepared audio-transcriptions for blind who cannot read Braille," he said. "They listen to a tape with one ear [through an earpiece] and to the performance with the other." Meisner said another "first" would take place Wednesday when two sign language experts interpret "Pirates" for the deaf during a performance.

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Don Jones Averages

— 10 —

Market Diaries			
NYSE			
	Close	Prev.	Change
Dow Jones	76.25	92.85	10.60
S&P 500	404	1,080	2.75
Nasdaq	15.33	48.42	2.09
Amex	1,371	552	4.19
NYSE	55.01	25.03	6.98
NYSE	295	351	2.56
NYSE	1,978	1,984	8
NYSE	80	179	7

APPENDIX C: INDEX

High	Low	Close	Change
446.20	444.85	446.20	—

1000

	Sales	Close
GamePiri	557,600	4%
	9,12,000	7

Amplifier

NYSE Index

High	Low
94.79	93.72
108.96	108.33
88.67	88.07
47.47	47.37

101.59 101.46 101.33

NYSE Most Active
Futures

1,175,900[illegible]

	Buy	Sales	*Short
MAY 13	210,781	407,677	1,471

N4SD40 L-40

	Close	Change	Volume
Apple	299.40	-4.34	382,000
Microsoft	359.04	-5.89	367,000

for USA Govt	17,400	
ma Chem	139,200	71%

	Close	Ch
Bonds	74.71	-0

Utilities	76.80	—1
Industrials	76.62	Unv

VSE Most Act

Sales
1,115,900
1,100,900

925,809
855,499

724,500
701,100
685,000
683,700
683,700

1 652,500
177,800

Monday 9 PM EST ~~Closing~~ —
 ...wide ranging up to the closing on Wall Street.

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100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
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Section 1.00

Notes figures are unofficial. Yearly highs and lows reflect the previous 23 weeks plus the current week, but not the latest trading day. Over a 90 percent or more has been sold, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, ratios of dividends are unofficial and are based on the latest declaration.

- a—dividend also extra(s).
- b—annual ratio of dividend plus stock dividend.
- c—trading dividend.
- ys—called.
- d—new yearly low.
- e—dividend declared or paid in preceding 12 months.
- f—dividend paid in. Common funds, subject to 10% non-residence tax.
- l—dividend declared after split-up or stock dividend.
- l1—dividend paid in stock; omitted, deferred, or no action.
- l2—dividend of latest dividend meeting.
- l3—dividend declared or paid this year, on economically sane basis with dividends in arrears.
- l4—new issue in 1934, paid 52 weeks. The high-low range begins with the start of trading.
- ns—next day delivery.
- 7/15—dividend ratio.
- o—dividend declared or paid in preceding 12 months, paid stock dividend.
- s—stock split. Dividend begins with date of split.
- t1—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-stock-buffon date.
- u—new stock.
- y—trading halted.
- ys—in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by stockholder.
- ys1—when distributed.
- ys2—when issued.
- ys3—when warrants.
- ys4—dividend or ex-rights.
- ys5—ex-stock-buffon.
- ys6—without warrants.
- ys7—dividend and sales in full.
- ys8—yield.

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GLOBAL NATURAL RESOURCES PLC

NOTICE OF MEETING TO BE HELD ON 27TH JUNE, 1983

IN THE HIGH COURT OF JUSTICE (ENGLAND)
CHANCERY DIVISION
MR. REGISTRAR BRADBURN

No. 001826 of 1983

IN THE MATTER OF GLOBAL NATURAL RESOURCES PLC and IN THE MATTER OF THE COMPANIES ACT, 1948

NOTICE IS HEREBY GIVEN that by an Order dated the 27th day of April, 1983, made in the above matters the Court has directed a Meeting of the shareholders of the above-named Company (hereinafter called "the Company") to be convened for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and its said shareholders, and that such Meeting will be held at the Grand Hotel, St. Helier, Jersey, Channel Islands on Monday the 27th day of June, 1983 at 10.30 a.m. (Jersey, Channel Islands time) at which place and time all the aforesaid shareholders are requested to attend.

Any person entitled to attend the said Meeting can obtain copies of the said Scheme of Arrangement, Forms of Proxy, and copies of the Statement required to be furnished pursuant to Section 207 of the above-mentioned Act, in the case of a holder of share warrants to bearer, a form (hereinafter called a "Voting Form") incorporating a Certificate of Deposit of share warrants to bearer and a Form of Proxy for use by the holder thereof for completion in the manner hereinafter mentioned from Global Shareholder Services Limited (hereinafter called "the Registrar") either at its office at 2 Norfolk Square, Brighton, Sussex, England BN1 2PB, or at the office of Global Natural Resources Inc., at 47 Maple Street, Summit, New Jersey, 07901, U.S.A. and from the office of the undersigned Solicitors at the address mentioned below during usual business hours on any day (other than a Saturday, Sunday or public holiday) prior to the day appointed for the said Meeting.

The said shareholders (whether registered or holders of share warrants to bearer) may vote in person at the said Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead.

In the case of registered joint holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

A holder of a share warrant to bearer is entitled to attend and vote in person or by proxy at the Meeting if—

- he has obtained from the Registrar or from the undersigned Solicitors, by personal application or by mail, a Voting Form;

- not later than 10.30 a.m. (Jersey, Channel Islands time) on Friday the 24th day of June, 1983 he has lodged his share warrants to bearer in accordance with the instructions contained in the Voting Form with a depositary of his choice which must either be a bank or a stock brokerage firm which is a member of a recognised stock exchange, a member of the National Association of Securities Dealers (United States) or a member of a recognised securities dealers' organisation (outside the United States);

- both he and the depositary have signed and completed the Certificate of Deposit in the Voting Form in accordance with the instructions contained therein;

- if he wishes to attend and vote in person, he produces the Voting Form, with the Certificate of Deposit therein duly signed and completed as aforesaid, at the Meeting;

- if he wishes to vote by proxy, he lodges the Voting Form, not only with the Certificate of Deposit therein duly signed and completed as aforesaid, but also with the Form of Proxy therein duly signed and completed by him in accordance with the instructions contained therein, the said form to be lodged as hereinafter mentioned.

Shareholders are strongly urged to lodge their Forms of Proxy (whether relating to shares which are registered or to shares which are represented by share warrants to bearer) with the Registrar at one of the addresses given above not later than 10.30 a.m. (Jersey, Channel Islands time) on Saturday the 25th day of June, 1983, but if Forms of Proxy are not so lodged they may be handed to the Chairman of the Meeting.

By the said Order the Court has appointed Frank G. Beatty or failing him John E. McFarlane or failing him Walter H. Saunders, to act as Chairman of the Meeting and has directed the Chairman to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated 17th May, 1983.

Theodore Goddard & Co.,
16 St. Martin's-le-Grand, London EC4A 4EJ, England.

NOTICE OF NINTH ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the NINTH ANNUAL GENERAL MEETING of the above-named Company ("the Company") will be held at the Grand Hotel, St. Helier, Jersey, Channel Islands, on Monday the 27th day of June, 1983, at 11 a.m. (Jersey, Channel Islands time) (or so soon thereafter as the meeting of the holders of shares in the Company convened for the same day and place for the purpose of considering the Scheme of Arrangement referred to below shall have been concluded or adjourned) for the following purposes—

(A) To consider the following ordinary business of the Annual General Meeting—

- To receive and approve the Directors' Report and Financial Statements and the Auditors' Report thereon for the year ended 31st December, 1982.
- To re-elect Mr. Harry E. Fitzgibbons a Director.
- To re-elect Mr. John E. McFarlane a Director.
- To re-elect Mr. Colin D. Parker a Director.
- To appoint Messrs. Peat, Marwick, Mitchell & Co., Auditors of the Company for 1983.
- To authorise the Directors to fix the remuneration of the Auditors.

(B) As special business, to consider and, if thought fit, pass the following resolutions, of which Resolutions numbered 7 and 8 will be proposed as Special Resolutions and Resolution numbered 9 will be proposed as an Ordinary Resolution.

SPECIAL RESOLUTIONS

7. THAT the Articles of Association of the Company be altered by the insertion immediately after Article numbered 35 of a new Article numbered 35A as follows:—

"35A. The Company may by special resolution reduce its share capital, any capital redemption reserve or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law."

8. THAT for the purpose of giving effect to the Scheme of Arrangement dated 17th May, 1983 (a print whereof has been produced to this Meeting and, for the purposes of identification, subscribed by the Chairman hereof):—

(a) the capital of the Company be reduced by the cancellation of the U.K. Shares (as defined in the said Scheme of Arrangement);

(b) forthwith upon the said reduction of capital becoming effective, the sum of 1,000 United States dollars of the reserve arising from the cancellation of the U.K. Shares be capitalised and applied in paying up in full at par 100,000 unissued shares in the capital of the Company such shares to be allotted and issued credited as fully paid up to Global Natural Resources Inc. or its nominees;

(c) the Directors be and are hereby authorised for the purposes of Section 14 of the Companies Act, 1980 to allot up to 100,000 unissued shares in accordance with this resolution such authority to expire on the 31st March, 1984.

ORDINARY RESOLUTION

9. THAT the agreement dated the 21st December, 1982 and made between the Company, Natural Resources Corporation and the persons set forth in the Schedule thereto (a copy of which has been submitted to this Meeting and, for the purposes of identification, subscribed by the Chairman hereof) be and it is hereby approved.

Registered Office: 2 Norfolk Square, Brighton, Sussex BN1 2PB, England.
Dated 17th May, 1983.

By Order of the Board

Anthony C. Bookes,

Secretary.

Monday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

12 Month High Low Stock Div. Yld. P/E High Low										12 Month High Low Stock Div. Yld. P/E High Low										12 Month High Low Stock Div. Yld. P/E High Low									
(Continued from Page 8)																													
44%	100	100	100	100	100	100	100	100	100	44%	100	100	100	100	100	100	100	100	100	44%	100	100	100	100	100	100	100	100	100
45%	100	100	100	100	100	100	100	100	100	45%	100	100	100	100	100	100	100	100	100	45%	100	100	100	100	100	100	100	100	100
46%	100	100	100	100	100	100	100	100	100	46%	100	100	100	100	100	100	100	100	100	46%	100	100	100	100	100	100	100	100	100
47%	100	100	100	100	100	100	100	100	100	47%	100	100	100	100	100	100	100	100	100	47%	100	100	100	100	100	100	100	100	100
48%	100	100	100	100	100	100	100	100	100	48%	100	100	100	100	100	100	100	100	100	48%	100	100	100	100	100	100	100	100	100
49%	100	100	100	100	100	100	100	100	100	49%	100	100	100	100	100	100	100	100	100	49%	100	100	100	100	100	100	100	100	100
50%	100	100	100	100	100	100	100	100	100	50%	100	100	100	100	100	100	100	100	100	50%	100	100	100	100	100	100	100	100	100
51%	100	100	100	100	100	100	100	100	100	51%	100	100	100	100	100	100	100	100	100	51%	100	100	100	100	100	100	100	100	100
52%	100	100	100	100	100	100	100	100	100	52%	100	100	100	100	100	100	100	100	100	52%	100	100	100	100	100	100	100	100	100
53%	100	100	100	100	100	100	100	100	100	53%	100	100	100	100	100	100	100	100	100	53%	100	100	100	100	100	100	100	100	100
54%	100	100	100	100	100	100	100	100	100	54%	100	100	100	100	100	100	100	100	100	54%	100	100	100	100	100	100	100	100	100
55%	100	100	100	100	100	100	100	100	100	55%	100	100	100	100	100	100	100	100	100	55%	100	100	100	100	100	100	100	100	100
56%	100	100	100	100	100	100	100	100	100	56%	100	100	100	100	100	100	100	100	100	56%	100	100	100	100	100	100	100	100	100
57%	100	100	100	100	100	100	100	100	100	57%	100	100	100	100	100	100	100	100	100	57%	100	100	100	100	100	100	100	100	100
58%	100	100	100	100	100	100	100	100	100	58%	100	100	100	100	100	100	100	100	100	58%	100	100	100	100	100	100	100	100	100
59%	100	100	100	100	100	100	100	100	100	59%	100	100	100	100	100	100	100	100	100	59%	100	100	100	100	100	100	100	100	100
60%	100	100	100	100	100	100	100	100	100	60%	100	100	100	100	100	100	100	100	100	60%	100	100	100	100	100	100	100	100	100
61%	100	100	100	100	100	100	100	100	100	61%	100	100	100	100	100	100	100	100	100	61%	100	100	100	100	100	100	100	100	100
62%	100	100	100	100	100	100	100	100	100	62%	100	100	100	100	100	100	100	100	100	62%	100	100	100	100	100	100	100	100	100
63%	100	100	100	100	100	100	100	100	100	63%	100	100	100	100	100	100	100	100	100	63%	100	100	100	100	100	100	100	100	100
64%	100	100	100	100	100	100	100	100	100	64%	100	100	100	100	100	100	100	100	100	64%	100	100	100	100	100	100	100	100	100
65%	100	100	100	100	100	100	100	100	100	65%	100	100	100	100	100	100	100	100	100	65%	100	100	100	100	100	100	100	100	100
66%	100	100	100	100	100	100	100	100	100	66%	100	100	100	100	100	100	100	100	100	66%	100	100	100	100	100	100	100	100	100
67%	100	100	100	100	100	100	100	100	100	67%	100	100	100	100	100	100	100	100	100	67%	100	100	100	100	100	100	100	100	100
68%	100	100	100	100	100	100	100	100	100	68%	100	100	100	100	100	100	100	100	100	68%	100	100	100	100	100	100	100	100	100
69%	100	100	100	100	100	100	100	100	100	69%	100	100	100	100	100	100	100	100	100	69%	100	100	100	100	100	100	100	100	100
70%	100	100	100	100	100	100	100	100	100	70%	100	100	100	100	100	100	100	100	100	70%	100	100	100	100	100	100	100	100	100
71%	100	100	100	100	100	100	100	100	100	71%	100	100	100	100	100	100	100	100	100	71%	100	100	100	100	100	100	100	100	100
72%	100	100	100	100	100	100	100	100	100	72%	100	100	100	100	100	100	100	100	100	72%	100	100	100	100	100	100	100	100	100
73%	100	100	100	100	100	100	100	100	100	73%	100	100	100	100	100	100	100	100	100	73%	100	100	100	100	100	100	100	100	100
74%	100	100	100	100	100	100	100	100	100	74%	100	100	100	100	100	100	100	100	100	74%	100	100	100	100	100	100	100	100	100
75%	100	100	100	100	100	100	100	100	100	75%	100	100	100	100	100	100	100	100	100	75%	100	100	100	100	100	100	100	100	100
76%	100	100	100	100	100	100	100	100	100	76%	100	100	100	100	100	100	100	100	100	76%	100	100	100	100	100	100	100	100	100
77%	100	100	100	100	100	100	100	100	100	77%	100	100	100	100	100	100	100	100	100	77%	100	100	100	100	100	100	100	100	100

BUSINESS BRIEFS

Federal Agency Halts Trading In Stock of Biscayne Federal

WASHINGTON (UPI) — The Federal Home Loan Bank Board, in an unusual move, Monday halted the over-the-counter trading of stock in Biscayne Federal Savings and Loan of Miami, an institution in receivership since April 6.

The bank board said the order was issued because it is considering accepting bids for the successor institution, New Biscayne Federal.

The stock had not been traded by the major exchanges since the bank board took over the \$2-billion institution from its management and shareholders while keeping it running for depositors and borrowers. The action just taken formally prohibits trading on both the major exchanges and on the over-the-counter market for at least a 10-day period.

Martin Marietta to Sell Laser Unit

BETHESDA, Maryland (Reuters) — Martin Marietta said Monday it signed a definitive agreement for Litter Industries to acquire its International Laser Systems subsidiary of Orlando, Florida, for about \$46 million in cash.

Marietta said the transaction will be closed as soon as necessary government reviews have been completed.

EC Report Optimistic on Recovery

BRUSSELS (Reuters) — The European Community's Executive Commission held out cautious hopes Monday of an economic recovery this year after the disappointment of predictions for an upturn in the second half of 1982.

The commission said in its quarterly economic report that conditions are "somewhat brighter" due to lower inflation rates, a hoped-for pickup in industrial demand and weaker oil prices. Although prospects for 1983 continued to be clouded by high interest rates, high government spending, rising unemployment and weak export markets, it was reasonable to expect economic activity to accelerate in the first half of 1983.

The community's real gross domestic product is estimated to have fallen by an annual rate of 2 percent in the second half of 1982.

Japan Robot Firm Has French Tie

TOKYO (Reuters) — Dainichi, a major Japanese industrial robot manufacturer, said Monday it had entered into an agreement with Analec of France on marketing and possible future production by the French company.

Under the arrangement, Analec is authorized to market Dainichi's robots in France, Italy, Spain and Portugal, it said.

Salomon Offers \$2.2 Billion CATS

NEW YORK (Reuters) — Salomon Brothers said it is offering \$2.2 billion of certificates of accrual on Treasury securities, known as "CATS."

The certificates offer investors shares in principal and interest payments on \$525 million of the Treasury 13 1/2 percent bonds due 2011, an official said. The issue consists of coupon CATS, due serially from Nov. 15, 1983, to May 15, 2006, and principal CATS, which mature May 15, 2011, but are callable starting May 15, 2006.

Bids Opened for Pakistan Highway

ISLAMABAD, Pakistan (Reuters) — A U.S. West German and Pakistani construction consortium has made the lowest bid, at \$615 million, to build a highway from Karachi to Peshawar, one of the world's biggest road projects, authoritative sources said Monday.

The 1,550-kilometer (1,000-mile) highway will be built alongside an existing road. A spokesman for the government's National Highway Board, which called for tenders, said bids were opened Monday but the successful bidder would not be announced until a later date.

U.S. Gas Pipeline Companies Act To Arrest Rapid Price Increases

By Thomas J. Lueck

New York Times Service

NEW YORK — In a series of abrupt, unilateral moves to reduce the prices they pay to natural gas producers, the major U.S. gas pipeline companies appear to have put an end, at least temporarily, to the rapid escalation in gas prices over the last two years.

The moves by the pipeline companies, coming at a time of huge gas surpluses, are aimed at reducing the amount of high-priced gas they must purchase under contracts signed when supplies were tight.

Industry analysts, as well as consumer groups, have attributed the rising cost of gas largely to these contracts. With pipelines committed to buying large quantities of gas from newly discovered wells, some of them charging as much as 10 times the price of gas from older wells, the average cost of the fuel has risen more than 50 percent since January 1981.

Now, after a year of negotiations to reduce their costs, a growing number of pipelines are taking a more aggressive stance, either refusing to buy the gas or offering a lower price on a take-it-or-leave-it basis.

"You reach the point where supply and demand considerations can't be ignored," said Lawrence A. Crowley, an analyst for Rotan Media in Houston.

He said that in January he had expected natural gas prices to rise

by 6 percent this year. But since then, because of the mounting pressure by the pipelines to lower their costs, "prices have probably flattened out" for the remainder of the year, he said.

The moves are also likely to result in lower costs for consumers as the pipelines pass along their savings.

The economic squeeze facing the pipelines has resulted largely from the loss of large industrial customers. Pipeline companies are allowed by state and federal government regulators to pass the price of their gas to customers, and have therefore been the subject of mounting protests from residential gas users. But many industrial customers, instead of protesting, have begun switching to fuel oil.

"You can say all you want about passing costs through, but when an industry is faced with losing a big part of its market, it's time to make some changes," said Jerome McGrath, president of the Interstate Natural Gas Association of America.

In one of the most aggressive moves in the pipeline industry, Transco Energy began a program this month aimed at retaining its industrial market by cutting the prices it will pay to gas producers. The company delivers gas from offshore producers in the Gulf of Mexico to customers in 11 Eastern states.

Transco announced May 1 that it would buy gas from producers at no more than \$3.05 per thousand

cubic feet, a price far below what many producers had received for their gas during the last two years. Transco maintained that, if it wanted to compete with the price of fuel oil, it could pay no more for its gas supplies. The wholesale price of five gallons of No. 6 residual fuel oil, which produces as much energy as 1,000 cubic feet of gas, is \$4.59 to \$4.75 on the East Coast.

W.J. Bowen, Transco's chairman, said last week that hundreds of gas producers had agreed to the lower price, and that the company had obtained so far just under one-third of the supplies it needed this month.

Indeed, many pipeline companies, including Transco, continue to face huge costs stemming from prior contracts for high-priced gas. Many contracts included provisions, termed "take-or-pay," that require the pipelines to continue paying for large volumes of gas even if they have no need for it.

Most pipelines have stopped buying much of the gas and have also refused to pay the penalties. Mr. McGrath estimated that interstate pipeline companies would accumulate \$3 billion in liabilities under take-or-pay contracts this year, an amount that could grow to \$17 billion.

Tennessee, another major pipeline operator, has launched a cost-cutting program even broader than Transco's. After a meeting with 250 of its gas producers in Houston two weeks ago, the company said it was "suspending performance" of many of its contracts.

"The producers were given the option of assenting," said Frank Reed, a Transco spokesman. "But that really didn't matter. We said we'd do it anyway."

Factory Use EC Ministers Approve In U.S. Rose Group Accounts Law

United Press International

WASHINGTON — A general rebound in manufacturing in April helped U.S. factories use 71.1 percent of their capacity, the busiest pace in more than a year, Federal Reserve System economists said Monday.

The progress was broadly based. The auto industry worked at 60.2 percent of its capacity in April, up from 59.2 percent in March and the highest since July 1982.

The iron and steel industry reached 54.9 percent of capacity, a major jump from the March 52.3 percent rate.

Even the oil industry, depressed lately because of surplus supplies, climbed to 68.4 percent of its capacity in April, a 3 percentage point gain.

April was the sixth consecutive month of improvement for factories.

Some analysts, fearful that relatively high interest rates will stifle the latest recovery, noted that early 1982 was also marked by the beginning of an industrial turnaround.

Then, operating rates in some categories, like the auto industry, reached levels higher than exist now, only to crumble when demand vanished.

The overall operating rate of 71.1 percent, a 1.3 percentage point gain from March, was the highest since March 1982's 71.6 percent.

But the level was still an enormous amount short of what economists consider the last peak in the business cycle, 1979's 87.2 percent annual rate of capacity utilization.

The sharp jump for industrial utilization in April paralleled the April jump in production reported by the Fed Friday. Industrial production was up 2.1 percent.

By Ethan Bronner

Reuters

BRUSSELS — By the end of this decade, companies with subsidiaries in European Community countries will have to give a clearer picture of their finances by presenting annual group accounts under rules for large European and foreign companies agreed upon Monday after nearly 10 years of debate.

Officials said finance ministers of the 10 EC states passed the company law directive after overcoming objections from Luxembourg and Italy and lobbying by privately held U.S. companies that will have to reveal hitherto unpublished details.

"This law represents a revolution in the community," said a top official who helped to draft it. "It will be like a bombshell for many companies that at the moment have to give almost no account of themselves."

Officials said the directive would

force major legislative changes in nearly all of EC states and would affect large non-European firms operating in the community.

The directive, which goes further in some ways than U.S. legislation, requires groups with total assets above \$4 million, more than \$8 million in turnover and more than 250 employees to give group or consolidated accounts, thereby preventing them from masking their overall standing.

EC nations have until 1988 to draw up the legislation. Beginning in 1990 there will be a 10-year transition period allowing them to apply larger thresholds of size if they wish.

In the United States, only publicly owned companies are required to give annual accounts.

"Some private U.S. companies have lobbied hard against this directive but have since accepted that it is inevitable," one official said.

Grand Met Doubles Profit

The Associated Press

LONDON — Grand Metropolitan said Monday that its profit more than doubled in the six months that ended March 31, from the same period a year earlier, as a falling pound helped increase its sales of consumer products in the United States.

The British food, hotel and leisure concern sells a wide range of products through its Liggett Group in the United States, with brand names including L&M cigarettes, Grand Mariner liqueur, Bombay gin and Alpo pet products.

Profit for the first half rose to \$111.1 million (\$172.8 million)

from \$47.5 million a year earlier. Sales rose to \$2.09 billion from \$1.83 billion in the first half.

The results included an extraordinary gain of \$33.8 million, compared to a loss of \$5.6 million a year earlier. Foreign exchange gains alone totaled \$29.3 million, compared with a loss of \$5.9 million in the 1982 half.

Grand Metropolitan said the improvement reflected growth overseas, reducing the normal seasonal pattern in Britain of lower first-half profits.

Operating profit from its U.S. consumer products division rose 46 percent.

All the securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE 16th May, 1983

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Hill Samuel & Co.	The Hongkong Bank Group	Kansallis-Osake-Pankki	Kleissner, Benson
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Nippon Kangyo Bank (Europe)	Nomura Investment Banking (Middle East) E.C.	Nordic Bank PLC	Orion Royal Bank
Osaka International (Europe)	Österreichische Länderbank	Pierson, Hidding & Pierson N.V.	
PK Christian Bank (UK) Ltd.	Postbank	Sal. Oppenheim Jr. & Cie.	Salomon Brothers International
Saava Bank (Underwriters)	J. Henry Schroder Wagg & Co.	Smith Barney, Harris Upham & Co.	
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Svenska Handelsbanken Group	Svebank	Swiss Bank Corporation International	Tokai Kyowa Morgan Grenfell
Union Bank of Finland Ltd.	Union Bank of Switzerland (Securities)	Vereins- und Westbank	S. G. Warburg & Co. Ltd.
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New Issue This advertisement appears as a matter of record only. May 16, 1983

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Banque Paribas	Hill Samuel & Co.	Nordfriesland-Bank Zürich
Bayerische Hypotheken- und Wechsel-Bank	Hill Samuel & Co.	Nordfriesland-Bank Zürich
Bayerische Vereinsbank	Hill Samuel & Co.	Nordfriesland-Bank Zürich
James Capel & Co.	Hill Samuel & Co.	Nordfriesland-Bank Zürich
Commerzbank	Hill Samuel & Co.	Nordfriesland-Bank Zürich
Crédit Commercial de France	Hill Samuel & Co.	Nordfriesland-Bank Zürich
Dai-ichi Securities Co., Ltd.	Hill Samuel & Co.	Nordfriesland-Bank Zürich
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Squeeze on Prices Puts World Commodity Agreements at a Crucial Juncture

By Bjir Khindaria
International Herald Tribune

GENEVA — The inability of international commodity agreements, including those for sugar, tin, coffee, cocoa and rubber, to put floors below sliding world prices has brought a sharp disillusionment that threatens to unravel talks for a complex package of similar accords for other commodities comprising minerals, metals and industrial materials.

The current talks in Geneva for a new International Sugar Agreement to replace the 1977 accord, which failed to stabilize prices, are seen by participants as the last chance to rehabilitate the integrated program of commodities of the United Nations Conference on Trade and Development.

Under this program separate negotiations have been under way for about eight years to add more international commodity agreements to the five already in place. The new pacts would include copper, bauxite, phosphates, iron ore, manganese, bananas, cotton, jute, sisal,

hard fibers, and tea. An accord on tropical timber is close to completion.

The entire 18-commodity program will be reviewed at the Unctad session starting June 6 in Bel-

NEWS ANALYSIS

grade. At the program's core is a plan to begin a \$750-million common fund to help finance the accords. More than two years after an agreement on its creation, the fund still exists only on paper.

Western countries, led by the United States, argue that the recession in commodity prices will be alleviated only when the major economies start to recover. With such recovery on the horizon, attention is turning to methods of nurturing the likely demand for growth so that Third World commodity producers might return to policies of measured investment to prevent shortages later in the decade.

Despite strong reservations, the United States is moving to the view that commodity markets cannot be

left to themselves because few producers are recovering their costs.

George P. Shultz, the U.S. secretary of state, has suggested that the summit of the seven major Western trading countries at Williamsburg, Virginia, study ways to make commodity exports more lucrative to reduce Third World trade deficits and debts.

The reason for his concern lies less in the pleas of exporters, some of whose earnings are below 1950 levels, than in disquiet at interference by speculators in commodity markets apart from those for precious metals.

Public and private commodity

investment funds trading in commodity futures are believed to have more than \$2 billion at their disposal. Although the funds are small compared with the \$65 billion worth of annual exports for the 18 commodities covered by Unctad's integrated program of commodities, the funds are large enough to prevent a natural balance between supply and industrial demand.

"By buying futures at only 10 percent down speculators artificially aggravate price rises when shortages are expected and worsen price drops by selling when excess supplies are expected," a trade official explained. "By the same process, the benefits of higher prices are

creamed off before they reach suppliers, while the benefits of lower prices are absorbed before they reach industrial consumers," he added.

Partly to circumscribe speculators, the United States, the European Community and Japan told the latest session of Unctad's policy-making trade and development board that solutions to depressed commodity prices lie in better handling of market forces rather than in price-fixing schemes.

Third World exporters are pressing strongly for classical international commodity agreements, which fix prices within agreed floors and ceilings by using buffer

stock systems and export controls. Western countries emphasize the need to cut production costs, improve marketing and export promotion methods, create new uses for commodities and considerably increase market intelligence.

Although none of the classical commodity agreements now in place has managed to prevent plunging prices, the Unctad secretariat is convinced that only classical commodity agreements can reverse the \$35-billion fall in Third World commodity export earnings since 1980.

The sugar talks are the latest test of the feasibility of such agreements. All countries, including the

United States and the European Community, agree that sugar, of all the commodities covered by the integrated program of commodities, requires a buffer stock buttressed by export controls to stabilize world prices.

As part of an emergency plan to prevent falling prices, the secretariat now proposes short-term commodity agreements relying almost exclusively on buffer stocks to remove excess supplies from world markets. These pacts would be dismantled when prices begin to move up or longer-term agreements are negotiated. This proposal will be the main issue in commodity discussions at Belgrade.

The Unctad secretariat estimates that about \$9 billion will be needed to absorb excess supplies of 15 key commodities that account for half of exports by Third World countries, excluding oil. Failing such spending, developing countries may suffer export earnings shortfalls of \$10 billion a year until 1985.

Without buffer stocks, a secretariat report prepared for Belgrade says, earnings from coffee, rubber, sugar, tin and cocoa would have dropped by another \$7 billion — about one quarter of total earnings. The use of export quotas prevented a "serious collapse" in world prices of tin and coffee, it adds.

Auto Industry in U.S. Moves to Cooperation

(Continued from Page 9)

employment in return for work-rule flexibility. The companies say that a stable work force improves quality; the union says this approach removes some of the insecurity that comes from periodic layoffs. One of the few gains in the 1982 contracts with General Motors and Ford, from the union point of view, was the selection of a few plants where "lifetime" employment, Japanese style, would be assured.

The suspicions built up over decades of grievances and strikes, however, have left scars. The UAW leadership and Ford selected the company's Chicago assembly plant for a "lifetime" employment program. They drew up a contract that called for eliminating time clocks and continuing job classifications. The members of Local 531 turned it down by a vote of 1,740 to 453. "Basically, they felt the agreement would give too much control to the company," a local union officer said.

If that failure is an indication of how hard it is to introduce new ways into an older plant, Cadillac's refurbished engine plant in the Detroit suburb of Livonia is an example of how careful planning in a new setting can bring about change.

Labor relations at the plant, which was retrofitted and reopened as an essentially new facility in July 1981, are a mixture of egalitarianism, sloganeering and motivational techniques.

There is a joint GM-UAW symbol over the plant gate, and most of the surface distinctions between management and labor have been eliminated. The assembly line periodically moves a short distance and stops, so workers can go about their tasks.

Workers are organized into groups of 15 to 20, called "business teams," under the direction of a foreman, called a "team leader." Most individual job classifications have been eliminated and all members of a team are encouraged to learn all the jobs in a unit. The more jobs a worker knows, the more he or she is paid.

The company puts pressure on the groups to perform by stressing the theme that each is a mini-business of its own, "selling" its prod-

ucts to "customers" who are other groups down the line.

The company also has expanded the amount of information that it shares with workers. "We tell them what the financial goals of the plant are," said Peter J. Ulbrich, the personnel administrator. "We talk about production schedules six months to a year out. That's a big change. One of the things you never talked about in the past was when we would shut down for a model change."

However, some auto executives, while conceding the value of some Japanese labor innovations, such as after-hours quality circle meetings to work out production problems, warn against trying to adopt wholesale a system developed in a different culture. "In Japan, can a foreman become a plant manager? Not if he didn't go to the right school," said Stephan Schurr, Chrysler's executive vice president for manufacturing.

Douglas A. Fraser, the president of the UAW, said, "If you look ahead and say, 'Will the American workers have to adopt that Japanese attitude to compete?' If that's the case we'll never compete. Because the American worker has an individuality and a willingness to dissent that does not respond to dictatorial instruction."

Mr. Fraser said that auto executives now understood the value of reforming relations with workers. "I think there will be conflict in the future on how to divide up the economic pie," he said. "But generally speaking, I don't think we can go back to the old authoritarian system of the worker as a cog in a machine, because it is not in the best interests of the companies."

Wages, especially fringe benefits, are an important issue facing U.S. auto companies.

Under the threat of a wave of plant closings, Ford and GM won \$3.5 billion in concessions from the UAW in 1982. Chrysler received concessions in 1979 and 1980, when the federal government insisted on worker contributions as one of the qualifications for \$1.5 billion in loan guarantees.

But later last year, Chrysler workers rejected a contract that would have linked wage increases to profits.

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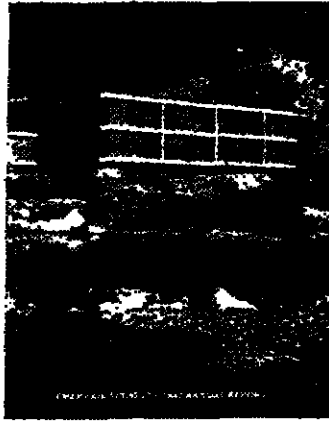


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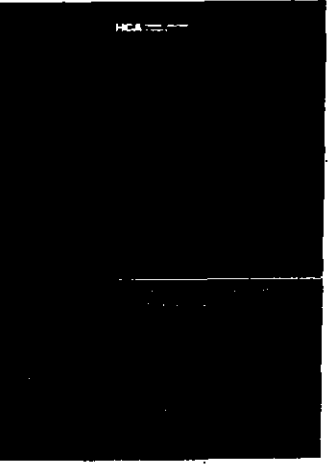
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